

CHICAGO AND



TRANSPORTATION COMPANY

1 5315

RECORDATION NO. _____ Filed 1425

SEP 23 1987 -10 15 AM

INTERSTATE COMMERCE COMMISSION

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

September 22, 1987

7-266A022

No. ~~SEP 23-1987~~
Date SEP 23-1987
Fee \$ 10.00
ICC Washington, D.C.

OFFICE OF THE SECRETARY
DIRECT DIAL NUMBER

312/559-6158

Dear Mr. Bayne:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Condition Sale Agreement dated as of September 15, 1987 between North Western Leasing Company and Chicago and North Western Transportation Company and Agreement and Assignment dated as of September 15, 1987, between North Western Leasing Company and LaSalle National Bank, covering railway equipment listed in Schedule A attached to the Conditional Sale Agreement.

The names and addresses of the parties to the transaction are as follows:

1. North Western Leasing Company, 165 North Canal, Chicago, IL 60606.
2. Chicago and North Western Transportation Company, One North Western Center, Chicago, IL 60606.
3. LaSalle National Bank, 135 South LaSalle Street, Chicago, IL 60603.

Enclosed is a check for \$10.00 to cover your recording fee. Please assign a sub-file number for the Agreement and Assignment. Retain one counterpart for your files, and return the remaining counterparts showing recordation data.

Sincerely

Lisa M. Fanelli
Lisa M. Fanelli
Assistant Secretary

Enclosure

cc: J. E. Voldseth
J. G. Marski
R. L. Johnson
D. E. Stockham
M. H. Shumate
Arthur Anderson & Co. (Daniel Doyle)
f-cs37ksn1

SEP 23 10 47 AM '87
MOTOR OPERATING UNIT
ICC OFFICE OF
THE SECRETARY

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

9/23/87

Lisa M. Fanelli
Assist. Sec.
Chicago & North Western Transp. Co.
One North Western Center
Chicago, Illinois 60606

Dear Ms. Fanelli:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/23/87 at 10:55pm, and assigned recordation number(s). 15315

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5315
RECORDATION NO. _____ Filed 1425

SEP 23 1987 -10 15 AM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of September 15, 1987

between

NORTH WESTERN LEASING COMPANY

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of September 15, 1987, between NORTH WESTERN LEASING COMPANY, a Delaware corporation (hereinafter called the "Seller" or the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called the "Railroad").

WHEREAS, the Seller has agreed to supply, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the equipment described in Schedule A hereto (hereinafter called the "Equipment");

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1 Assignment; Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment or which are not vested in any assignee or assignees until satisfaction of conditions contained in such assignment. The term "Seller", whenever used in this Agreement, means, both before and after any such assignment, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its respective properties and businesses.

ARTICLE 2. Sale. Pursuant to this Agreement, the Seller will sell and deliver to the Railroad, and the Railroad will purchase from the Seller and accept delivery of and pay for (as hereinafter provided), all of the Equipment. Each unit of the Equipment shall conform to the specifications applicable thereto, including such modifications thereof as may be agreed upon in writing between the Seller and the Railroad (which specifications, with such modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of Equipment shall, on the date of delivery thereof to the Railroad, in each case conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to equipment of the character of such units of the Equipment.

ARTICLE 3. Delivery. The Seller will deliver the units of Equipment to the Railroad, with freight charges prepaid, at the place or places specified by the Railroad.

Upon delivery of each unit or of a number of units of the Equipment, if each such unit conforms to the Specifications, requirements and standards applicable thereto, an authorized representative of the Railroad shall execute and deliver to the Seller a certificate of acceptance (hereinafter called the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Railroad. The Railroad's execution and delivery of a Certificate of Acceptance shall conclusively establish that such Equipment is acceptable to and accepted by the Railroad, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Equipment is, insofar as this Agreement is concerned, in good order and condition and appears to conform with the Specifications. By execution and delivery of such Certificate of Acceptance, the Railroad represents that it has no knowledge of any such defect.

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit. Any unit of Equipment not delivered, accepted and settled for on or prior to June 15, 1988 (hereinafter called the "Cut-Off Date") shall be excluded from this Agreement and from the term "Equipment" as used herein, and the Railroad shall be relieved of its obligation to purchase and pay for any such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule A hereto, and shall be subject to such increase or decrease as is agreed to by the Seller and the Railroad. The term "Purchase Price" as is used herein shall mean the base price or prices of the Equipment as so increased or decreased, as set forth in the Seller's invoice or invoices delivered to the Railroad.

For the purpose of settlement therefore, the Equipment shall be divided into such number of groups of units (each such group being hereinafter called a "Group") as the Seller and the Railroad may agree to. The term "Closing Date" with respect to any Group shall mean such date not later than the Cut-Off Date (as defined in Article 3), occurring not more than ten Business Days following presentation by the Seller to the Railroad of an invoice for the Purchase Price of such Group, as shall be fixed by the Railroad by written notice delivered to the Vendor at least four Business Days prior to the Closing Date designated therein. The term "Business Day or Days" shall have the same meaning as defined in the Finance Agreement dated as of

June 15, 1987, as amended from time to time (the "Finance Agreement") among the Railroad, the Seller and La Salle National Bank (the "Assignee").

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

- (a) on the Closing Date for each Group, an amount equal to at least 20% of the Purchase Price of all units of Equipment in such Group.
- (b) in 40 consecutive equal (except for appropriate adjustment of the final installment in case the amount payable pursuant to this subparagraph (b) shall not, when divided by 40, result in an amount ending in an integral cent) quarter-annual installments, as hereinafter provided, an amount equal to the aggregate of the Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the "Conditional Sale Indebtedness").

The installments of the Conditional Sale Indebtedness shall be payable quarter-annually on September 15, December 15, March 15 and June 15 in each year commencing on September 15, 1988 to and including June 15, 1998. The unpaid Conditional Sale Indebtedness shall bear interest, from the Closing Date for each Group at a rate per annum equal to the Applicable Rate as determined from time to time in accordance with the Finance Agreement. Such interest shall be payable quarterly on the fifteenth day of March, June, September and December in each year commencing the first such date after the Closing Date (such dates being hereinafter called the "Interest Payment Dates").

All payments of principal and interest due under this Agreement shall be made in immediately available funds on or before noon, Chicago time, on the date due; and funds received after that hour shall be deemed to have been received on the next business day. If any such payment of principal or interest shall become due on other than a Business Day, such payment shall be made on the next Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment. All interest under this Agreement shall be calculated in accordance with the Finance Agreement.

The Railroad will pay upon demand to the extent legally enforceable interest at the rate prescribed in Section 3.6 of

the Finance Agreement on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

The Railroad shall have the privilege of prepaying the Conditional Sale Indebtedness or any installment thereof, at any time, without penalty or premium but with such additional amounts as are required by Sections 4.3 and 4.12 of the Finance Agreement, and each such prepayment shall be applied to reduce installments in the inverse order of maturity thereof. The Railroad shall pay simultaneously with any prepayment pursuant to this paragraph all unpaid interest, if any, on the amount then to be prepaid, but only to the extent accrued to the date of prepayment.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Railroad, the assignee thereof may request the Railroad to make and the Railroad shall make such payments to it at such address as shall be supplied to the Railroad by the assignee.

ARTICLE 5. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expenses to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], excess profits and similar taxes) or license or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, use, payment, shipment, delivery or transfer of title or other disposition under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "impositions"), all of which impositions the Railroad assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, the Railroad will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its interest therein (except as provided above) and will keep at all times all and every part of the Equipment

free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Railroad shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Railroad shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor believes in its reasonable opinion that it shall have been legally liable with respect thereto (as evidenced, if the Railroad so requests, by an opinion of counsel for the Vendor, the reasonable fees and out-of-pocket expenses of which counsel shall be paid by the Railroad) or unless the Railroad shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Seller and the Railroad may enter into other conditional sale agreements or may enter into leases for the purchase or lease by the Railroad of railroad equipment, and the Railroad and the Seller may cause Assignee, pursuant to the Finance Agreement to acquire by assignment from the Seller its interest in such equipment and conditional sale agreements, or to make loans to the Seller secured by security agreements and the leased equipment described therein (such Finance Agreement, conditional sale agreements, leases and security agreements being hereinafter called the "Related Agreements"). In consideration for the Seller's entering into this Agreement and each of the Related Agreements to which it is a party, and for the Assignee's entering into the related assignments and making loans to the Seller in respect of the leased equipment, the Railroad agrees that the Equipment shall be security for the indebtedness and other obligations of the Railroad and the Seller under all the Related Agreements, and the Railroad does hereby grant to the Seller prior to any assignment of this Agreement to the Assignee and to the Assignee after such assignment (the grantee being in each such case defined as the "Vendor" as provided in Article 1 hereof) a continuing security interest in the Equipment to secure the payment of the indebtedness and performance of the obligations of the Railroad and the Seller, as the case may be, under each Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Railroad or the Seller is indebted to the Vendor under any Related Agreement at any time after the Railroad shall have paid under this Agreement the full indebtedness in

respect of the Purchase Price of all units of the Equipment, and any such unit suffers a Casualty Occurrence (as defined in Article 8 hereof) or is disposed of by the Railroad in the ordinary course of business, no deposit, prepayment or additional security shall be required under Article 8 or under any Related Agreement or otherwise, and, provided there is then no existing default under any Related Agreement, the Vendor's security interest in such unit shall be deemed to be terminated and released upon such disposition or occurrence and absolute right to the possession of, title to, and property in such unit shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Railroad and at the Railroad's expense, will execute and deliver to the Railroad or the Railroad's vendee or nominee, a bill of sale (without warranties) for such unit, and such other documents as may be necessary or appropriate to make clear upon the public records the release of the security interest of the Vendor in such unit.

The Vendor shall and hereby does retain a continuing security interest in the Equipment until the Railroad and the Seller shall have made all their payments and shall have kept and performed all their agreements and obligations under this Agreement and under the Related Agreements, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment (except additions that are not required by Article 9 hereof and that are readily removable without causing material damage to the unit) and any and all replacements of the Equipment and of parts thereof and additions thereto (except as provided above) shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in this Article 6 and in Article 8 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment and in respect of the price of the equipment described in the Finance Agreement and the Related Agreements, together with interest and all other payments as herein and in the Finance Agreement and the Related Agreements provided, shall have been paid, and all the Railroad's and the Seller's obligations herein and in the Finance Agreement and the Related Agreements contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad and at the Railroad's expense at that time will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Railroad, or upon its order (such bill of sale to be without

warranty except that the Equipment is free of all liens, security interests and other encumbrances created or retained hereby), and deliver such bill or bills of sale to the Railroad at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

ARTICLE 7. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will, on and after the Cut-Off Date, cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or the name of the Vendor followed by the words "Agent, Owner", or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Railroad will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 8. Casualty Occurrences. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, or, in the opinion of the Railroad, shall no longer be economically useful to the Railroad, or shall be irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Agreement (such occurrence being hereinafter called "Casualty Occurrences"), the Railroad shall promptly and fully inform the Vendor in regard thereto (after it has knowledge of such Casualty Occurrence). The Railroad shall, on the next date for the payment of an installment of Conditional Sale Indebtedness or interest hereunder occurring thirty (30) days after it has knowledge of such event, pay to the Vendor a sum equal to the aggregate Casualty Value (as defined herein) of such units of the Equipment as of the date of payment (or the sum provided for in third paragraph of this Article 8 in the event the Railroad makes such payment pursuant to said third paragraph) and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall, as the Railroad may direct in a written instrument filed with the Vendor, be applied (so long as no event of default shall have occurred and be continuing), in whole or in part, to prepay installments of Conditional Sale Indebtedness or toward the cost of a new or used unit or units of equipment in good condition and complying with all the provisions of the fifth paragraph of Article 9 hereof to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life at least as long as that which the unit being replaced would have had but for the Casualty Occurrence.

So long as no event of default shall have occurred and be continuing, the Railroad may pay to the Vendor in lieu of the aggregate Casualty Value required to be paid on the payment date pursuant to the provisions of the first paragraph of this Article 8, a sum equal to the Conditional Sale Indebtedness as of the date of such payment in respect of the Purchase Price of the units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment previously shall have been made to the Vendor pursuant to this Article 8), and such sum shall be applied by the Vendor on the payment date to prepay Conditional Sale Indebtedness. The Conditional Sale Indebtedness in respect of such units as of the date of payment is equal to the aggregate unpaid Conditional Sale Indebtedness as of that date multiplied by the fraction having for its numerator the original Purchase Price of such units and for its denominator the original Purchase Price of all the Equipment.

In case any money is applied to prepay indebtedness, it shall be so applied to reduce installments thereafter falling due in the inverse order of maturity.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence (including a replacement unit) shall be deemed to be the Purchase Price of such unit (or cost thereof in the case of a replacement unit) less an amount representing (as of the date that the Railroad determines that such unit suffered a Casualty Occurrence) depreciation on such unit at the rate of 7% per annum for units of rolling stock, but in no event shall the Casualty Value be less than the Conditional Sale Indebtedness in respect of such unit as of the date that the Railroad determines that such unit suffered a Casualty Occurrence.

The Railroad will cause any replacement unit or units to be marked as provided in Article 7 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by the second paragraph of Article 12 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Agreement. All such replacement units shall be warranted by the Railroad or third parties in like manner as is customary at the time for similar equipment.

Whenever the Railroad shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file therewith:

(1) a certificate of a Vice President, an Assistant Vice President, or the Controller or Chief Accounting Officer of the Railroad certifying as to the matters hereinabove set forth in this Article 8; and

(2) an opinion of Counsel for the Railroad that the Vendor has a valid and perfected security interest in such replacement unit, free and clear from all claims, liens, security interests and other encumbrances except the rights of the Railroad under this Agreement, that such unit has come under and become subject to this Agreement and that all necessary filings and recordings have been made to perfect the security interest of the Vendor therein.

So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of or bankers' acceptances accepted by, domestic commercial banks in the United States of America having capital and surplus in excess of \$50,000,000 in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called "Investments"). Any such obligations may from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If one or more events of default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad and at the Railroad's expense, after payment by the Railroad of a sum equal to (A) the lesser of (i) the Casualty Value of such equipment, or (ii) the amount provided for in the third paragraph of this Article 8, plus (B) any cost and expenses of the Vendor in connection with such sale for which the Vendor is to be reimbursed hereunder, execute and deliver to the Railroad or the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

ARTICLE 9. Insurance, Maintenance, Compliance with Laws and Rules. The Railroad will, at all times during the term of this Agreement, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to Railroad's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Railroad in respect of similar equipment owned by it. The Railroad will deliver on the Closing Date and annually thereafter on or before May 31, certificates (or verifications) of insurance from the Railroad's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Article. The Railroad will cause the Vendor to be named as additional insured. All policies evidenced by certificates of insurance shall contain an agreement of the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Vendor in the event of nonpayment of premium by the Railroad when due.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Railroad or condemnation payments received by the Vendor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Railroad to the Vendor in respect of Casualty Occurrences pursuant to Article 8. If the Vendor shall receive any such net insurance proceeds or condemnation payments and the Railroad already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Vendor shall pay such net insurance proceeds or condemnation payments to the Railroad; provided, however, that if an event of default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an event of default shall have occurred and be continuing, then the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad under this Agreement and the Related Agreements. All net insurance proceeds (excluding public liability insurance) received by the Vendor or the Railroad with respect to a unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such unit, but no such proceeds shall be paid to the Railroad until the Vendor shall have received a certificate signed by an authorized officer of the Railroad to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Railroad unless an Event of the Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad hereunder and the Related Agreements.

The Vendor shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Vendor to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

The Railroad will, at all times during the term of this Agreement, maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense. The Railroad also agrees only to use the Equipment in the manner for which it was designed and intended. Without limiting the foregoing, the Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in condition suitable for use in interchange if and to the extent permitted by the Interchange Rules of the Association of American Railroads, all at the Railroad's expense. Any parts installed or replacements made by the Railroad to comply therewith shall be considered accessions and immediately subject to the security interest granted by this Agreement without further act. The Railroad shall make no other additions or improvements to the Equipment unless the same are readily removable without causing material damage to such Equipment or, if not readily removable, the same do not decrease the value, or modify the intended and permitted uses, of the Equipment. Title to any readily removable non-mandatory additions or improvements shall remain with the Railroad free of any security interest hereunder, but additions or improvements which are not readily removable shall without further act be immediately subject to the security interest granted by this Agreement.

During the term of this Agreement the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 10. Reports and Inspections. On or before April 30 in each year, commencing in 1988, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have been withdrawn from use pending repairs (other than running repairs) (such units being hereinafter called the "Bad Order Units") or that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, and (c) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. If, as set forth in such statement, the number of Bad Order Units withdrawn from use as of the date of such statement (giving effect to repairs made on or prior to that date) exceeds the number equal to 5% of all the units of the Equipment, then the Bad Order Units in excess of such number shall be identified by the Railroad in such statement and shall be deemed to have suffered a Casualty Occurrence on the date of such statement, and payment therefor shall be made as provided in Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 11. Possession and Use. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that such possession and use of rolling stock units of equipment shall be upon the lines of railroad owned or operated by the Railroad either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, from and after delivery of the Equipment by the Seller to the Railroad, but only upon and subject to all the terms and conditions of this Agreement. The Railroad shall not, without the prior written consent of the Vendor (which consent will not be unreasonably withheld), have the right to lease the Equipment or any unit thereof; provided, however, that the Railroad shall have the right to lease the Equipment or any unit thereof to any railroad organized under the laws of the United States of America or any state thereof or the District of Columbia

without the Vendor's consent if such lease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Agreement. Any lease and the rights of the Lessee thereunder shall in all events be expressly subject and subordinate to this Agreement and the rights and interests of the Vendor and its successors and assigns hereunder. The Railroad shall, promptly upon entering into any lease, furnish to the Vendor a written statement setting forth the amount, description and number of the units of the Equipment being leased and attaching a copy of the lease. In no event shall any assignment or lease entered into by the Railroad relieve the Railroad of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained herein to the contrary notwithstanding, the Railroad shall at no time while this Agreement is in effect assign or permit the assignment of any unit of Equipment to, or use or permit the use by any assignee or lessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

ARTICLE 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any person from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement and shall become obligations of the Railroad and/or the Seller, as the case may be, to the Bank hereunder.

This covenant will not be deemed breached by reason of (i) liens for taxes, assessments or governmental charges or levies, in each case, not due and delinquent, or (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, or (iii) liens for taxes, assessments or governmental charges or levies, in each case, due and delinquent, or (iv) determined or not inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business, in each case, delinquent; provided, however, that in the case of a lien described in the foregoing clauses (iii) or (iv) the validity of such lien is being contested in good faith by appropriate legal proceedings and such lien does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement.

The liens, claims and encumbrances permitted by this Article 12 are hereinafter collectively referred to as the "Permitted Encumbrances."

ARTICLE 13. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and costs, charges, and expenses in connection therewith, including reasonable counsel fees, arising out of (i) retention by the Vendor of a security interest in the Equipment, (ii) the use and operation, or the maintenance, repair or replacement, thereof by the Railroad during the period when said security interest remains in the Vendor, (iii) the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, (iv) without limiting the foregoing, the construction, reconstruction, possession, purchase, delivery, installation, ownership, leasing, return, sale or other disposition of the Equipment, (v) the condition of the Equipment at any time, (vi) the acts or omissions to act of the Railroad, whether for itself or as agent or attorney-in-fact for the Vendor hereunder or under any Related Agreement, or (vii) claims for negligence or strict liability in tort relating to the Equipment. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 14. Patent Indemnities, Warranty of Material and Workmanship. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against any and all losses, damages, liabilities, claims, demands, costs, charges and expenses including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, its assigns because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

ARTICLE 15. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent, not to be unreasonably withheld, of the Vendor. A sale, assignment, transfer, disposition or lease to a railroad company organized under the laws of the United States of America or any of the States thereof or other purchaser or lessee which shall acquire or lease all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument

satisfactory to the Vendor, shall assume and agree to perform each of, and all, the obligations and covenants of the Railroad under this Agreement, or an assignment by the Railroad to one of its wholly-owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Railroad (with binding effect upon successors of the Railroad) agrees not to be released as a primary obligor for the payment of principal and interest when due and payable (whether by acceleration or otherwise) on indebtedness outstanding under this Agreement on the date of such sale, assignment, transfer or disposition.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Seller from, any of the obligations of the Seller to sell and deliver the Equipment in accordance with this Agreement or to respond to its obligations and warranties hereunder, or relieve the Railroad of any of its obligations to the Seller which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Railroad recognizes that it is the custom of railroad equipment sellers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any defect

in the Seller's title to, or any interruption from whatsoever cause in the use, operation, or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment, or any part thereof, or by reason of any other indebtedness, howsoever and whenever arising, of the Seller, to the Railroad or to any other person, firm, or corporation or to any governmental authority, or any breach of any obligation of the Seller with respect to the Equipment or the manufacture, construction, delivery, repair or warranty thereof, or from any other cause whatsoever, it being the intent hereof that the Railroad shall be unconditionally and absolutely obligated to pay the Vendor all of the amounts which are the subject of its assignment. Any and all obligations of the Seller, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Seller.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee or prior to the date for settlement, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days after written notice thereof from the Vendor; or

(b) the Railroad or the Seller shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of the Finance Agreement or of the Related Agreements referred to in Article 6 hereof, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance and such failure shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof; or

(c) any representation or warranty on the part of the Railroad or the Seller made herein, in the Finance Agreement, in any Related Agreement or in any of the other operative agreements with respect hereto or thereto or in any statement or certificate furnished to the Vendor or its assigns pursuant

to or in connection with this Agreement, the Finance Agreement, any Related Agreements, or any of the other operative agreements with respect hereto or thereto is untrue in any material respect as of the date of issuance or making thereof, and, in the case of representations or warranties set forth in paragraphs 2, 4, or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Vendor; or

(d) a case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Railroad and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within 60 days after such case shall have been commenced, (A) all the obligations of the Railroad under this Agreement shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as obligations incurred by such trustee or trustees which are entitled to payment as administrative expenses pursuant to 11 U.S.C. 507(a)(1) (as such section is now in effect or hereafter may be amended or replaced) and (B) all events of default under subparagraphs (a), (b) or (f) of this Article 16 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other events of default under subparagraphs (a), (b) or (f) of this Article 16 which from time to time occur hereunder; or

(e) any other case or proceedings shall be commenced by or against the Railroad for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or the Board of Directors of the Railroad shall authorize the commencement of any such other case or proceedings, and, if any such case or proceedings have been commenced against the Railroad, such case or proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such case or proceedings shall have commenced; or the Railroad shall make an assignment for the benefit of creditors; or the Railroad admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such

admission, inability or failure shall continue for 30 days after notice thereof from the Vendor; or a trustee, custodian or receiver is appointed for the Railroad or for a major part of the property thereof and is not discharged within 60 days after such appointment; or

(f) the Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such unit (or make provision satisfactory to the Vendor for such compliance) within 15 days after written notice from the Vendor demanding such cancellation and recovery of possession;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Without limiting the other rights of the Vendor, the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services, and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor and (b) the Equipment to be moved to such interchange point or points of the Railroad as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad and, at the Railroad's risk, to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (whether before or after taking possession of the Equipment as hereinbefore this Article 17 provided) may at its election and upon such notice as is hereinafter set

forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days for the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon not less than 15 days' notice to the Railroad and to any other persons to whom the law may require notice of the time and place and upon any other notice which may be required by law, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at a public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due

under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than 15 days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 21 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at a cash price at least equal to the amount described in the proviso to the first sentence of the foregoing paragraph. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor the per diem interchange applicable (if any) for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise

any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Railroad at the rate per annum set forth in Article 4 hereof, applicable to amounts remaining unpaid after becoming due and payable. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be applied to any sum due under the Related Agreements, in such order as the Vendor may elect, and if any further surplus remains it shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any

kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 19. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U. S. C., §11303; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Railroad will pay all reasonable costs and expenses (including the reasonable fees and expenses of counsel for the Seller and the first assignee incident to this Agreement and the first assignment of this Agreement and any instrument supplemental or related hereto or thereto.

ARTICLE 21. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) to the Railroad, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Assistant Vice President-Finance;

(b) to the Seller, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Assistant Vice President, Finance and

(c) to the La Salle National Bank as assignee of the Vendor at 135 South La Salle Street, Chicago, Illinois 60603, attention Joseph Lane, Vice President, or such address as may have been furnished in writing to each of the other parties hereto by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and the Railroad.

ARTICLE 23. Law Governing. The Railroad warrants that its chief place of business and its chief executive officers are located in the state specified in clause (a) of Article 21 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by 49 U. S. C. §11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

THE RAILROAD ACKNOWLEDGES INSOFAR AS THE VENDOR IS CONCERNED THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, THE EQUIPMENT IS SOLD AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (i) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY UNIT OR UNITS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, OR (ii) ANY OTHER MATTER WHATSOEVER IT BEING UNDERSTOOD AND AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY THE RAILROAD.

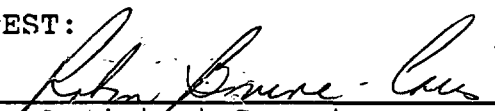
IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By 
Vice President

[Corporate Seal]

ATTEST:

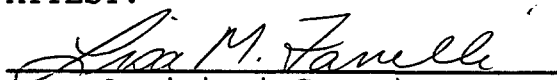

Assistant Secretary

NORTH WESTERN LEASING COMPANY

By 
Vice President

[Corporate Seal]

ATTEST:


Assistant Secretary

State of Illinois,
County of Cook,

)
) SS:

On this 24th day of September, 1987, before me personally appeared T.A. Tingleff, to me personally known who, being by me duly sworn, says that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jaith P. Delgado
Notary Public

[Notarial Seal]

My Commission expires: ~~My Commission Expires Mar. 3, 1990~~

STATE OF ILLINOIS,
COUNTY OF COOK,

)
) SS:

On this 21st day of September, 1987, before me personally appeared T.A. Tingleff, to me personally known, who, being by me duly sworn says that he is a Vice President of NORTH WESTERN LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jaith P. Delgado
Notary Public

[Notarial Seal]

My Commission expires ~~My Commission Expires Mar. 3, 1991~~

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CGW 10302	\$ 12,987
		CGW 10303	12,987
		CGW 10304	12,987
		CGW 10306	12,987
		CGW 10307	12,987
		CGW 10309	12,987
		CGW 10310	12,987
		CGW 15000	18,639
		CNW 91503	11,649
		CNW 91504	11,649
		CNW 91507	11,649
		CNW 91508	11,649
		CNW 91513	11,649
		CNW 91514	11,649
		CNW 91515	11,649
		CNW 91519	11,649
		CNW 91522	11,649
		CNW 91524	11,649
		CNW 91525	12,446
		CNW 91526	12,446
		CNW 91529	12,446
		CNW 91530	12,446
		CNW 91532	8,830
		CNW 91534	12,446
		CNW 91538	12,446
		CNW 91541	17,342
		CNW 91542	14,180
		CNW 91544	14,963
		CNW 91545	14,963
		CNW 91547	17,304
		CNW 91548	17,304
		CNW 91551	15,914
		CNW 91583	22,639
		CNW 91585	21,670
		CNW 91588	21,167
		CNW 92090	33,765
		CNW 92091	34,368
		CNW 92092	31,342
		CNW 92093	31,342
		CNW 92094	31,631
		CNW 92095	31,631
		CNW 92096	31,631
		CNW 92097	31,631
		CNW 92098	31,631
		CNW 92099	31,631
		CNW 92100	31,631
		Subtotal	\$839,224

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CNW 92101	\$ 31,631
		CNW 92102	31,631
		CNW 92103	31,631
		CNW 92104	31,631
		CNW 92105	32,331
		CNW 92106	32,331
		CNW 92107	31,631
		CNW 92108	31,631
		CNW 92109	31,631
		CNW 92110	31,631
		CNW 92111	31,631
		CNW 92114	31,631
		CNW 92115	31,631
		CNW 92116	31,631
		CNW 92117	31,631
		CNW 92118	31,631
		CNW 92119	31,631
		CNW 150109	21,569
		CNW 152034	16,036
		CNW 153103	15,718
		CNW 160024	18,229
		CNW 160046	18,229
		CNW 160066	18,229
		CNW 160263	18,229
		Subtotal	\$ 665,366
121	50-Foot Box Cars	CGW 10312	\$ 12,987
		CGW 10313	12,987
		CGW 10316	12,987
		CGW 10317	12,987
		CGW 10321	13,139
		CGW 10323	13,139
		CGW 10324	13,139
		CGW 10326	13,139
		CGW 10327	13,139
		CGW 10330	13,139
		CGW 10331	13,139
		CGW 10332	13,139
		CGW 10333	13,139
		CGW 10334	13,139
		CGW 10336	13,139
		CGW 10338	13,139
		CGW 10340	13,139
		CGW 10342	13,139
		CGW 10343	13,139
		CGW 10344	13,139
		CGW 10345	13,139
		CGW 10346	13,139
		CGW 10347	13,139
		CGW 10350	13,139
		CGW 10352	12,987
		CGW 10354	12,987
		Subtotal	\$ 340,702

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars	CGW 10355	\$ 12,987
		CGW 10359	13,139
		CGW 10360	13,139
		CGW 10362	13,139
		CGW 10366	13,139
		CGW 10368	13,139
		CGW 10369	13,139
		CGW 10378	13,139
		CGW 10379	13,139
		CGW 10380	13,139
		CGW 10381	13,139
		CGW 10383	13,139
		CGW 10384	13,139
		CGW 10385	13,139
		CGW 10386	13,139
		CGW 10388	13,139
		CGW 10389	13,139
		CGW 10390	13,139
		CGW 10391	13,139
		CGW 10392	13,139
		CGW 10393	13,139
		CGW 10394	13,139
		CGW 10395	13,139
		CGW 10397	13,139
		CGW 10399	13,139
		CGW 10400	13,139
		CNW 160318	18,229
		CNW 160371	18,391
		CNW 160380	18,391
		CNW 160917	18,320
		CNW 160947	18,320
		CNW 160995	18,320
		CNW 161041	17,997
		CNW 161114	17,997
		CNW 161188	17,997
		CNW 161309	18,159
		CNW 161310	18,159
		CNW 161313	17,997
		CNW 161314	17,997
		CNW 161315	17,997
		CNW 161317	18,159
		CNW 161319	17,997
		CNW 161320	18,159
		CNW 161321	18,159
		CNW 161323	18,159
		CNW 161325	18,159
		CNW 161326	17,997
		CNW 161327	18,159
		CNW 161330	18,159
		CNW 161331	17,997
		Subtotal	\$ 776,837

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars (continued)	CNW 161332	\$ 18,159
		CNW 161334	17,997
		CNW 161335	18,159
		CNW 161336	17,997
		CNW 161339	17,997
		CNW 161340	18,159
		CNW 161342	18,159
		CNW 161343	18,159
		CNW 161344	18,159
		CNW 161349	18,159
		CNW 161350	18,159
		CNW 161352	18,159
		CNW 161354	18,159
		CNW 161356	17,997
		CNW 161358	18,159
		CNW 161360	18,159
		CNW 161367	18,159
		CNW 161368	18,159
		CNW 161370	18,159
		CNW 161371	18,159
		CNW 161373	18,159
		CNW 161374	18,159
		CNW 161377	18,159
		CNW 161378	18,159
		CNW 161381	18,159
		CNW 161385	18,159
		CNW 161387	18,159
		CNW 161388	18,159
		CNW 161390	18,159
		CNW 161392	18,159
		CNW 161393	18,159
		CNW 161394	18,159
		CNW 161395	18,159
		CNW 161396	18,159
		CNW 161416	18,159
		CNW 161450	18,159
		CNW 161457	18,159
		CNW 161458	18,159
		CNW 161490	18,159
		CNW 161523	18,159
		CNW 161588	18,159
		CNW 161601	18,159
		CNW 161786	18,320
		CNW 161851	18,320
		CNW 161859	18,320
			<u>\$ 816,990</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
14	Gondolas	CNW 39511	\$ 18,845
		CNW 39601	22,338
		CNW 39605	22,338
		CNW 39609	22,338
		CNW 39611	22,338
		CNW 39612	22,338
		CNW 39618	22,338
		CNW 39622	22,338
		CNW 39625	22,338
		CNW 39627	22,338
		CNW 39637	22,528
		CNW 39641	22,528
		CNW 132478	14,368
		CNW 132563	14,467
		Subtotal	\$ 293,778
2	Heavy Duty Flat Cars	CNW 48013	\$ 35,802
		CNW 48015	35,802
		Subtotal	\$ 71,604
157	Covered Hoppers	CNW 170500	\$ 15,917
		CNW 170501	15,917
		CNW 170502	15,917
		CNW 170505	15,917
		CNW 170508	15,917
		CNW 170509	15,917
		CNW 170511	15,917
		CNW 170515	15,917
		CNW 170523	13,182
		CNW 170524	13,182
		CNW 170525	15,917
		CNW 170527	13,182
		CNW 170532	15,917
		CNW 170533	13,182
		CNW 170534	15,917
		CNW 170535	15,917
		CNW 170536	15,917
		CNW 170537	13,182
		CNW 170538	15,917
		CNW 170541	15,917
		CNW 170542	15,917
		CNW 170544	15,917
		CNW 170545	15,917
		CNW 170546	15,917
		Subtotal	\$ 368,333

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170550	\$ 15,917
		CNW 170552	15,917
		CNW 170555	15,917
		CNW 170557	15,917
		CNW 170558	15,917
		CNW 170561	15,917
		CNW 170563	15,917
		CNW 170564	15,917
		CNW 170565	15,917
		CNW 170568	15,917
		CNW 170570	15,917
		CNW 170573	15,917
		CNW 170574	16,084
		CNW 170575	15,917
		CNW 170578	16,084
		CNW 170579	16,084
		CNW 170586	13,340
		CNW 170587	16,084
		CNW 170590	16,084
		CNW 170592	16,084
		CNW 170593	16,084
		CNW 170596	16,084
		CNW 170597	16,084
		CNW 170598	16,084
		CNW 170601	16,084
		CNW 170603	13,340
		CNW 170604	16,084
		CNW 170610	16,084
		CNW 170611	16,084
		CNW 170613	16,084
		CNW 170614	16,084
		CNW 170615	16,084
		CNW 170616	16,084
		CNW 170618	16,084
		CNW 170619	16,084
		CNW 170620	13,340
		CNW 170621	16,084
		CNW 170623	16,084
		CNW 170624	16,084
		CNW 170625	16,084
		CNW 170626	16,084
		CNW 170627	16,084
		CNW 170628	16,084
		CNW 170632	16,084
		CNW 170639	16,084
		CNW 170642	16,084
		CNW 170644	16,084
		CNW 170648	16,084
		CNW 170651	16,084
		CNW 170653	16,084
		Subtotal	\$ 793,797

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170655	\$ 16,084
		CNW 170656	16,084
		CNW 170658	16,084
		CNW 170662	16,084
		CNW 170666	16,084
		CNW 170667	16,084
		CNW 170669	16,084
		CNW 170671	16,084
		CNW 170673	16,084
		CNW 170682	16,084
		CNW 170684	16,084
		CNW 170693	13,340
		CNW 170694	16,084
		CNW 170695	16,084
		CNW 170698	16,084
		CNW 170699	16,084
		CNW 170701	16,084
		CNW 170702	16,084
		CNW 170705	16,084
		CNW 170707	16,084
		CNW 170713	16,084
		CNW 170714	16,084
		CNW 170716	16,084
		CNW 170717	16,084
		CNW 170720	16,084
		CNW 170723	16,084
		CNW 170724	16,084
		CNW 170726	16,084
		CNW 170728	16,084
		CNW 170729	16,084
		CNW 170730	16,084
		CNW 170737	16,084
		CNW 170739	16,084
		CNW 170740	16,084
		CNW 170741	16,084
		CNW 170743	16,084
		CNW 170744	16,084
		CNW 170748	16,084
		CNW 170751	16,084
		CNW 170758	16,084
		CNW 170759	16,084
		CNW 170760	16,084
		CNW 170763	16,084
		CNW 170764	16,084
		CNW 170768	16,084
		CNW 170769	16,084
		CNW 170771	16,084
		CNW 170780	16,084
		CNW 170781	16,084
		CNW 170785	16,084
		Subtotal	\$ 801,456

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170788	\$ 16,084
		CNW 170789	16,084
		CNW 170790	16,084
		CNW 170791	16,084
		CNW 170792	16,084
		CNW 170793	14,247
		CNW 170794	14,247
		CNW 170796	13,340
		CNW 170798	13,340
		CNW 170800	16,084
		CNW 170802	13,340
		CNW 170803	16,084
		CNW 170804	16,084
		CNW 170805	16,084
		CNW 170806	16,084
		CNW 170809	14,247
		CNW 170811	16,084
		CNW 170812	16,084
		CNW 170816	14,247
		CNW 170822	14,247
		CNW 170824	14,247
		CNW 170825	11,600
		CNW 170829	14,247
		CNW 170832	14,247
		CNW 170833	14,247
		CNW 170835	11,937
		CNW 170841	14,247
		CNW 170842	14,247
		CNW 170843	14,247
		CNW 170844	14,247
		CNW 170848	14,247
		CNW 170851	14,247
		CNW 170853	14,247
		Subtotal	\$ 484,517
		GRAND TOTAL	\$6,252,604

I hereby certify that the Purchase Price for the CSA Equipment included as Collateral in this Schedule A has been determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads in effect as of September, 1987 and that such CSA Equipment was previously owned by the Railroad.



T. A. Tingleff
Vice President-Finance

AGREEMENT AND ASSIGNMENT

Dated as of

between

NORTH WESTERN LEASING COMPANY

and

LA SALLE NATIONAL BANK

AGREEMENT AND ASSIGNMENT dated as of _____,
between LA SALLE NATIONAL BANK (hereinafter called the
Assignee) and NORTH WESTERN LEASING COMPANY (hereinafter called
the Assignor).

WHEREAS, the Assignor and Chicago and North Western
Transportation Company (hereinafter called the Railroad), have
entered into a Conditional Sale Agreement dated as of the date
hereof (hereinafter called the Conditional Sale Agreement),
covering the sale and delivery on the conditions therein set
forth, by the Assignor and the purchase by the Railroad of the
railroad equipment described in Schedule A to the Conditional
Sale Agreement (said equipment being hereinafter called the
Equipment);

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (hereinafter
called this Assignment) WITNESSETH: That in consideration of
the sum of One Dollar (\$1.00) and other good and valuable
consideration paid by the Assignee to the Assignor, the receipt
of which is hereby acknowledged, as well as of the mutual
covenants herein contained:

SECTION 1. The Assignor hereby assigns and transfers and sets
over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of the
Assignor in and to each unit of Equipment when and as
severally delivered to and accepted by the Railroad, and
when and as the amount required to be paid for such unit
is paid to the Assignor by the Assignee pursuant to
Section 4 hereof;

(b) all the right, title and interest of the
Assignor in and to the Conditional Sale Agreement (except
the right to supply and deliver the Equipment and the
right to receive the payments specified in subparagraph
(a) of the third paragraph of Article 4 thereof and
reimbursements for taxes paid by the Assignor as provided
in Article 5 thereof) and in and to any and all amounts
which may be or become due or owing by the Railroad to the
Assignor under the Conditional Sale Agreement in respect
of the Purchase Price (as defined in the Conditional Sale
Agreement) of the Equipment and interest thereon, and in
and to any other sums becoming due from the Railroad under
the Conditional Sale Agreement, other than those
hereinabove excluded; and

(c) except as limited by subparagraph (b) hereof,
all the Assignor's rights, powers, privileges and remedies
under the Conditional Sale Agreement;

without any recourse against the Assignor (except as otherwise provided in Section 3 hereof) for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the Assignor to sell and deliver the Equipment or otherwise under the Conditional Sale Agreement, it being understood and agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Article 15 of the Conditional Sale Agreement, all obligations of the Assignor to the Railroad with respect to the Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Assignor. In furtherance of the foregoing assignment and transfer, the Assignor hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for the Assignor, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but, except as otherwise provided in Section 3 hereof, as between the Assignor and the Assignee, at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. The Assignor agrees that it shall sell and deliver the Equipment in full accordance with the provisions of the Conditional Sale Agreement; and that notwithstanding this Assignment it will perform and fully comply with each of and all the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by the Assignor. The Assignor further agrees that it will warrant to the Assignee and the Railroad that at the time of delivery of each unit of the Equipment under the Conditional Sale Agreement it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by any general mortgage of the Railroad, all of which the Assignor hereby agrees to cause to be released on or before the Closing Date [as defined in Article 4 of the Conditional Sale Agreement] for such unit; other than any Permitted Encumbrances [as defined in Article 12 of the Conditional Sale Agreement]; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); and the Assignor further agrees that it will defend the title to each unit of the Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by the Assignor under the Conditional Sale Agreement, including those

created by any general mortgage of the Railroad or any Permitted Encumbrances; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder.

SECTION 3. Notwithstanding anything herein to the contrary, the Assignor agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, the Assignor will indemnify, protect and hold harmless the Assignee from and against all injuries, liabilities, claims, demands, costs, charges, expenses, losses or damages suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Assignor of any obligation with respect to the Equipment or the manufacture, construction, reconstruction, possession, purchase, delivery, installation, ownership, use, repair, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Assignor.

The Assignor agrees that any amounts payable to it by the Railroad with respect to the Equipment, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the Conditional Sale Agreement with respect to each Group (as defined in said Article 4) of Equipment, shall pay to the Assignor an amount equal to the portion of the Purchase Price of the units of Equipment in such Group as shown on the invoice or invoices therefor then being settled for which, under the terms of said Article 4(b), is payable in installments, provided that there shall have been delivered to the Assignee, as provided in Article 15 of the Conditional Sale Agreement, the following documents, in form and substance satisfactory to it and to its counsel, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from the Assignor to the Assignee transferring to the Assignee all right, title and interest of the Assignor in the units of Equipment in the Group, warranting to the Assignee that at the time of delivery of such units under the Conditional Sale Agreement the Assignor had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than any Permitted Encumbrances; other

than those created by any general mortgage of the Railroad; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); warranting to the Assignee that on the date of such bill of sale such units were free of all claims, liens, security interests and other encumbrances created by any general mortgage of the Railroad which are prior or equal to the security interest of the Assignee in such units; and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by the Assignor under the Conditional Sale Agreement including Permitted Encumbrances and those created by any general mortgage of the Railroad;

(b) a Certificate or Certificates of Acceptance with respect to the units of Equipment in the Group, as contemplated by Article 3 of the Conditional Sale Agreement;

(c) an invoice of the Assignor for the units of Equipment in the Group for which settlement is then being made, in each case accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices stated therein and compliance with the definition of "Collateral Value" contained in the Finance Agreement with respect to such units;

(d) an opinion of counsel for the Railroad dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Railroad and the Assignor and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment and the Acknowledgement of Notice of Assignment (hereinafter called the "Acknowledgement") have been duly authorized, executed and delivered by the Assignor and Railroad and, assuming due authorization, execution and delivery of this Assignment by the Assignee, are legal, valid and binding instruments, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment and such units, at the time of delivery thereof to the Railroad under the Conditional Sale Agreement, were free from all claims, liens, security interests and other encumbrances (other than any Permitted

Encumbrances; other than those created by any general mortgage of the Railroad, all of which have been released; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the Conditional Sale Agreement, this Assignment or the Acknowledgement, or if any such approval is necessary, it has been obtained, (vii) the Conditional Sale Agreement and this Assignment with the Acknowledgement have been duly filed with the Interstate Commerce Commission in accordance with 49 U. S. C. § 11303 and, for the units of rolling stock in the Equipment, no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia, (viii) the Railroad is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Railroad has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Railroad has all requisite power and authority to own its properties and to carry on its business as now conducted, (ix) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Railroad adversely relating to or affecting the execution and delivery by the Railroad of the Conditional Sale Agreement, the Finance Agreement, or the Acknowledgement or the enforceability thereof in accordance with their terms or requiring any approval of its stockholders in respect thereof, (x) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement, the Acknowledgement and this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any agreement or instrument to which the Railroad is now a party or by which it is bound and (xi) the Railroad has in the negotiation, execution and delivery of the Conditional Sale Agreement, the Finance Agreement, the Acknowledgment and this Assignment complied in all respects with the competitive bidding requirements of 15 U.S.C. Section 20 and the regulations prescribed by the Interstate Commerce Commission in 49 C.F.R. Part 1010;

(e) an opinion of counsel for the Assignor, dated as of such Closing Date, to the effect that (i) the Assignor is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Assignor has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Assignor has all requisite power and authority to own its properties and to carry on its business as now conducted, (ii) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (iii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Railroad, is a legal and valid instrument binding upon the Assignor and enforceable against the Assignor in accordance with its terms, (iv) this Assignment has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Assignee, is a legal and valid instrument binding upon the Assignor, (v) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (vi) the bill of sale referred to in subparagraph (a) of this Section 4 has been duly authorized, executed and delivered by the Assignor and is valid and effective to transfer the security interest of the Assignor in and to the units of Equipment to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than any Permitted Encumbrances, other than those created by the Conditional Sale Agreement and other than the rights of the Assignee under this Assignment) arising from, through or under the Assignor, (vii) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Assignor adversely relating to or affecting the execution and delivery by the Assignor of the Conditional Sale Agreement, the Finance Agreement and this Assignment or the enforceability thereof and hereof in accordance with their terms or requiring any approval of its stockholders in respect thereof or hereof, and (viii) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement or this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of

the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any instrument to which the Assignor is now a party or by which it is bound; and

(f) a certificate of an officer of the Railroad dated as of such settlement date, to the effect that no event of default, or event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and is then continuing and no tax liens (including, without limitation, tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment.

In giving the opinions specified in subparagraphs (d) and (e) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in clause (v) of subparagraph (d) and clause (vi) of subparagraph (e), insofar as they relate to title being vested in the Assignor free of all claims, liens, security interests and other encumbrances at the time of acquisition thereof by the Assignor, counsel may rely (A) with respect to a vendor to the Assignor which is either the Railroad or one of its subsidiaries, upon a certificate of an authorized officer of the Railroad setting forth the agreements and instruments, if any, to which the Equipment (or any interest therein) had been subject immediately prior to and at the time of such acquisition, provided that such counsel states that he has examined such certificate and, based upon his experience as counsel to the Railroad and its subsidiaries he believes that he is justified in relying on such certificate and, (B) as to vendors to the Assignor other than the Railroad or any of its subsidiaries, solely upon the warranties and representations made by such vendors to the Assignor in their bills of sale to the Assignor and upon any opinions of counsel for such vendors.

The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (d) or (e) of Article 16 of the Conditional Sale Agreement or if any other event of default, or any event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and be continuing under the

Conditional Sale Agreement. In the event that the Assignee shall not make payment for the Group, the Assignee shall reassign to the Assignor, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment.

SECTION 5. The Assignee may assign all or any of its rights under the Conditional Sale Agreement, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. The Assignor hereby:

(a) represents and warrants to the Assignee, its successor and assigns, that the Conditional Sale Agreement was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Railroad, the Conditional Sale Agreement is, in so far as the Assignor is concerned, a legal, valid and existing agreement binding upon it and the Railroad in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, successors and assigns, it will, subsequent to payment by the Assignee to such Assignor of the amounts required to be paid under Section 4 hereof, execute any and all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Assignor therein or in the Equipment.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the Conditional Sale Agreement.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Railroad, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively the date or dates stated in the acknowledgments hereto annexed.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

NORTH WESTERN LEASING COMPANY

By _____
Vice President

[CORPORATE SEAL]

ATTEST:

ASSISTANT SECRETARY

LA SALLE NATIONAL BANK

By _____
Vice President

[CORPORATE SEAL]

ATTEST:

SS.:

Notary Public

My Commission expires

SS.:

Notary Public

My Commission expires

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Vice President

EQUIPMENT LEASE

Dated as of

Between

NORTH WESTERN LEASING COMPANY

LESSOR

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

LESSEE

[Note: This form will incorporate the number of fixed rental installments equal to the number of equal principal installments set forth for the Equipment in Exhibit 2 to the Finance Agreement.]

NORTH WESTERN LEASING COMPANY

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of _____, between NORTH WESTERN LEASING COMPANY, a Delaware corporation (the "Lessor") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Lessee"):

W I T N E S S E I H:

That for and in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned the parties hereby agree as follows:

SECTION 1. PURCHASE AND DELIVERY OF EQUIPMENT

1.1 Purchase, Acceptance and Lease. Lessor has purchased or will purchase the equipment described in Schedule A hereof (the "Equipment"), has entered into a Security Agreement dated as of the date hereof (the "Security Agreement") with LA SALLE NATIONAL BANK (the "Secured Party"), to secure the Loan Account (the "Loan Account"), the proceeds of which were or will be used to finance 80% of the cost of the Equipment, pursuant to a Finance Agreement, dated as of June 15, 1987 (the "Finance Agreement") among the Lessor, the Secured Party and the Lessee. Upon delivery of the Equipment and the acceptance of such Equipment as provided in Section 1.2 hereof, the Lessor shall lease and let such Equipment to the Lessee and the Lessee shall hire such Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2 Delivery and Acceptance of Equipment. The Lessor will cause the Equipment to be tendered to the Lessee at such point or points as may be mutually determined. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Equipment is found to be in good order, to accept delivery of such Equipment and to execute and deliver to the Lessor a Certificate of Acceptance in the form attached hereto as Schedule B (the "Certificate of Acceptance") with respect to such Equipment. The Lessor shall have no obligation to lease, and the Lessee shall have no obligation to accept, items of Equipment delivered after June 15, 1988.

1.3 Lessee's Satisfaction with Equipment: Conformance with Specifications and Requirements. The Lessee's execution and delivery to the Lessor of a Certificate of Acceptance with respect to the Equipment shall conclusively establish that such Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Equipment is in good order and condition and appears to conform to the specifications applicable thereto. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1 Rentals for Equipment. The Lessee agrees to pay the Lessor the following rentals for the Equipment leased hereunder:

(a) Interim Rental. For the Equipment, four (4) installments of interim rental ("Interim Rental") from the time the funds are loaned to the Lessor pursuant to the Finance Agreement (the "Loan Date") to the Base Lease Commencement Date (as hereinafter defined) payable on the fifteenth day of September, December, March and June ("Interim Rental Payment Dates") equal to the amount of interest then due on the unpaid balance of the Loan Account on those dates, commencing on the first such date there is a balance in the Loan Account.

(b) Fixed Rental. For the Equipment, Lessee shall pay rental in 40 installments, payable September 15, December 15, March 15, and June 15, commencing September 15, 1988 each equal to the amount which would be payable as principal and interest under the Loan Account assuming that the Loan Account is not accelerated. The Base Lease Commencement Date shall be June 15, 1988.

All payments of rent and other amounts due hereunder shall be made in immediately available funds on or before noon, Chicago time, on the date due; and funds received after that hour shall be deemed to have been received on the next Business Day (as defined in the Finance Agreement). If any such payment due dates is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day and, in the case of fixed rental, the amount payable on such date shall include the interest payable by the Lessor pursuant to the Loan Account.

2.2 Place of Rent Payment. The Lessor irrevocably instructs the Lessee to make all rental payments provided for in this Lease at the principal office of the Secured Party for the account of the Lessor payable to the Secured Party with instructions to the Secured Party, first, to apply such

payments to satisfy the obligations of the Lessor in respect of the Loan Account known to the Secured Party to be due and payable on the date such payments are due and payable hereunder, second, to satisfy the obligations of the Lessor under the Security Agreement and the Finance Agreement then due and payable, and third, so long as no Event of Default hereunder or under the Security Agreement shall have occurred and be continuing, to pay any balance promptly to the Lessor. The Lessee agrees that it will make all payments due hereunder by wire transfer at the opening of business on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, or, if so requested in writing by a party entitled to receive a payment hereunder, by check of the Lessee drawn on a bank located in Chicago, Illinois, and mailed to such party at the address so provided.

2.3. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease (including for failure to deliver any unit of Equipment for acceptance on or before June 15, 1988) or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof, nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of the Equipment from any cause whatsoever, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of the right, power or authority of the Lessor to enter into this Lease, or for any other cause similar to the foregoing, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned by the Lessee to the Lessor.

SECTION 3. TERMS OF THE LEASE.

The term of this Lease for the Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Equipment hereunder and shall terminate on June 15, 1998, subject to the provisions of Section 11.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Equipment, and will, cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement Filed with the Interstate Commerce Commission", or other appropriate markings approved by the Secured Party and Lessor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's and Lessor's interest in the Equipment and their rights under this Lease. The Lessee will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party and Lessor by the Lessee and filed, recorded, and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

4.3 Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT AS-IS WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and

constitutes the Lessee its agent and attorney-in-fact during the term of this Lease so long as no Event of Default (as defined in Section 14.1 hereof) shall have occurred and be continuing, to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof.

SECTION 6. LESSEE'S INDEMNITY.

6.1 Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and the Secured Party and their respective successors, agents and assigns from and against:

(a) Any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including, without limitation, the possession, construction, reconstruction, purchase, delivery, installation, ownership, leasing, return, sale or disposition of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor or Secured Party hereunder, or under the Finance Agreement or the Security Agreement, (iii) as a result of claims for patent infringements or (iv) as a result of claims for negligence or strict liability in or relating to the Equipment.

6.2 Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii), or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's delivering storing or transporting of the Equipment as provided in Section

13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability, and may select such counsel as it deems appropriate in connection with such matter. The indemnities and assumptions of liabilities set forth in this Section 6 do not constitute a guaranty of payment of the Loan Account.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee will at all times comply with all laws, requirements and rules (including, without limitation, the interchange rules of the Association of American Railroads ("A.A.R.") and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment) as the same may be in effect from time to time to the extent that such laws, requirements and rules affect the title, operation, maintenance or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Lessee will conform therewith, at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party or Lessor, adversely affect the property or rights of the Secured Party and Lessor under this Lease.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee, so long as an Event of Default shall not have occurred under this Lease and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that (i) the Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear, and (ii) such possession and use of rolling stock units of equipment shall be upon the lines of railroad owned or operated by the Lessee either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Lessee, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, from and after delivery of the Equipment by the Lessor to the Lessee, but only upon and subject to all the terms and conditions of this Lease.

The Lessee will at all times maintain the Equipment or cause the Equipment to be maintained in good order, condition and repair suitable for use in interchange if and to the extent

permitted by Interchange Rules and supplements of the A.A.R., all at Lessee's expense. Any parts installed pursuant to Section 7 or this second paragraph of Section 8 shall be considered accessions to the Equipment and title thereto shall be immediately vested in the Lessor without further cost or expense to Lessor.

The Lessee shall make no other additions or improvements to the Equipment unless the same are readily removable without causing material damage to such Equipment or, if not readily removable, the same do not decrease the value, or modify the intended and permitted uses, of the Equipment. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to the Equipment, the Lessee agrees that it will, prior to the return of such Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to the Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment and any liens or charges which may be levied against or imposed upon the Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as: (a) it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment, and (b) it establishes and maintains a reserve therefore in accordance with generally accepted accounting principles. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1 Filing. The Lessee, at its sole expense, will cause this Lease and the Security Agreement and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of Title 49, United States Code; and the Lessee will from time to time, at its expense, do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Secured Party or Lessor for the purpose of proper protection, to the satisfaction of counsel for the Secured Party or Lessor, of their interests in the Equipment and their rights under this Lease and the Security

Agreement or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Secured Party and Lessor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Secured Party and Lessor.

10.2 Taxes. All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or city net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by the Equipment or this Lease or any rental or other payment made hereunder or any ownership, lease, sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, Lessee will also pay promptly all Impositions which may be imposed upon any Equipment or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon such Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of Lessor or the Secured Party, adversely affect the title, property or rights of Lessor hereunder. If any Imposition shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall pay the Lessor on presentation of an invoice therefore if, in the reasonable opinion of Lessor, Lessor shall have been legally liable with respect thereto or the Lessee shall have approved the payment thereof, and the Lessor agrees to give the Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees, after payment by Lessee in accordance with this paragraph, to take, at Lessee's expense, such other action as may reasonably be requested by the Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such Imposition.

In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner which in the reasonable opinion of Lessor shall be required.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1 Insurance. The Lessee will, at all times during the term of this Lease, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to Lessee's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it. The Lessee will deliver on the Closing Date (as defined in the Finance Agreement) and annually thereafter on or before May 31, certificates (or verifications) of insurance from the Lessee's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Section. The Lessee will cause the Lessor and the Secured Party to be named as additional insureds. All policies evidenced by certificates of insurance shall contain an agreement of the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Lessor and the Secured Party in the event of nonpayment of premium by the Lessee when due.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Lessee or condemnation payments received by the Lessor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 11. If the Lessor shall receive any such net insurance proceeds or condemnation payments and the Lessee already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to such unit paid by the Lessee; provided, however, that if an Event of Default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, then the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under this Lease. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds (excluding public liability insurance) received by the Lessor or the Lessee with respect to a unit not suffering a Casualty Occurrence shall be applied in

payment of the cost of repairing the damage to such item, but no such proceeds shall be paid to the Lessee until the Lessor and the Secured Party shall have received a certificate signed by an authorized officer of the Lessee to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee hereunder.

The Lessor and the Secured Party shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Secured Party or Lessor to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

11.2 Casualty Occurrence and Duty of Lessee to Notify Lessor. In the event that the Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease, or thereafter while the Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by an governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the term of this Lease, begin hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Secured Party in regard thereto and shall pay the Casualty Value (as defined in Section 11.7 hereof) of such Equipment in accordance with the terms hereof.

11.3 Payment for Casualty Occurrence. In the event of a Casualty Occurrence with respect to the Equipment of which the Lessee has knowledge prior to the Lease Commencement Date, the Lessee, on the earlier of the next Interim Rental Payment Date or the Lease Commencement Date, shall pay to the Lessor a sum equal to the Casualty Value of such Equipment as of the date of such payment, plus the installment of Interim Rental due on such date. In the event of a Casualty Occurrence with respect to any Equipment of which the Lessee has knowledge on or after the Lease Commencement Date, the Lessee, on the next succeeding Fixed Rental payment date, shall pay to the Lessor a sum equal to the Casualty Value of such Equipment as of the date of such payment. The installment of Fixed Rental in respect of the Equipment for which the Casualty Value is then being paid which would be otherwise due on such date of payment of the Casualty Value need not be paid if such Casualty Value is so paid.

11.4 Optional Retirement of Equipment. When, in good faith judgment of a Senior Vice President of the Lessee exercised after the Lease Commencement Date, any of the Equipment then leased hereunder shall have become economically unserviceable, the Lessee may, provided no Event of Default or Default shall have occurred and be continuing, upon not less than 30 days' prior written notice to the Lessor and the Secured Party, which notice shall identify such Equipment and designate the date on which termination will be effective and settlement therefor will be made, terminate this Lease on the next succeeding rental payment date with respect to such Equipment upon payment to the Lessor of an amount equal to the Casualty Value of the Equipment as of such payment date. The installment of rental in respect of the Equipment for which Casualty Value is being paid need not be paid if such Casualty Value is so paid. For purposes of this Section 11.4, economic unserviceability with respect to the Equipment shall mean that such Equipment is no longer economic for the Lessee to retain because of changed economic circumstances, it being understood and agreed that in making such determination interest rates or similar finance charges payable by the Lessee in connection with the acquisition of similar equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price, shall be disregarded.

11.5 Rent Termination. Except as provided in Section 11.10 hereof, upon (and not until) payment of the Casualty Value in respect of the Equipment, the obligation to pay rent for such Equipment accruing on and subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rental for all other items of Equipment.

11.6 Disposition of Equipment. Provided no Default or Event of Default shall have occurred and be continuing or if, notwithstanding either such event, the Lessor shall have so directed, the Lessee shall, as agent for the Lessor, dispose of such Equipment having suffered a Casualty Occurrence or been the subject of a determination of economic unserviceability pursuant to Section 11.4 hereof as soon as it is able to do so in a commercially reasonable manner in its then existing condition and location without representation or warranty, expressed or implied. As to the Equipment so disposed of and for which all rent and Casualty Value has been paid pursuant hereto, the Lessee may, provided no Default or Event of Default shall have occurred and be continuing, retain all amounts arising from such disposition plus, in the case of a Casualty Occurrence, any insurance proceeds and damages received by the Lessee up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from

or connected with such Equipment. Any sale or other disposition pursuant to this Section 11.6 must be effective to fully divest the Lessor of all the Lessor's right, title and interest in and to, and all obligations of the Lessor with respect to, such Equipment. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the sale or other disposition of any Equipment.

11.7 Casualty Value. The Casualty Value (the "Casualty Value") of each unit of the Equipment shall be an amount, determined as of the date the Casualty Value is required to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence), equal to the higher of (i) 125% of the amount the Lessor must pay to the Secured Party pursuant to clauses first and second of Section 4.1(b) of the Security Agreement or (ii) 20% of such unit's original Collateral Value (as defined in the Finance Agreement).

11.8 Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to the Equipment from and after the date hereof and continuing throughout the term hereof and during any storage period provided in Section 13 and 15 hereof until: (a) payment of the Casualty Value and any fixed rental due on or prior to the date of payment of such Casualty Value in respect of the Equipment has been made, (b) the Equipment or the salvage thereof has been disposed of by the Lessee, and (c) the title to the Equipment or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of the Equipment or the salvage thereof.

11.9 Eminent Domain. In the event that during the term of this Lease the use of the Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the original term of this Lease in respect of the Equipment, the Lessee's obligation to pay rent shall continue for the duration of the requisitioning or taking of the Equipment. If no Event of Default has occurred and is continuing, Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession of the Equipment to an amount equal to the rent paid or payable hereunder for such period; and, whether or not an Event of Default has occurred and is continuing hereunder, the balance, if any, shall be payable to and retained by the Lessor as its sole property.

11.10. Substitution. Notwithstanding anything in this Section 11 to the contrary, if no Event of Default shall have occurred and be continuing, the Lessee may, upon notice to Lessor given prior to the date Casualty Value is required to be paid under this Agreement, elect to convey to Lessor, as a replacement for the unit of Equipment with respect to which a Casualty Occurrence has occurred ("Casualty Unit"), title to another unit of Equipment ("Replacement Unit") in accordance with the terms of this Section 11.10. If the Replacement Unit is conveyed to Lessor prior to the date upon which the payment of Casualty Value hereunder with respect to the Casualty Unit is due, then the replacement shall be made in accordance with the following paragraph hereof without the payment of any Casualty Value. If the Replacement Unit is not conveyed to Lessor prior to the date upon which the payment of Casualty Value hereunder with respect to the Casualty Unit is due, then the Lessee shall pay the Casualty Value required by this Agreement with respect to the Casualty Occurrence, but such amount shall be deposited with the Lessor (or the Secured Party, if the Secured Party so requires under the Security Agreement) pending its return or application in accordance with the terms hereof. If the Lessee has elected to convey to Lessor a Replacement Unit, then the Lessee shall continue to pay rent under this Agreement as if no Casualty Occurrence with respect to the Casualty Unit had occurred, notwithstanding the payment of Casualty Value with respect thereto.

Prior to or at the time of any conveyance of a Replacement Unit, Lessee, at its own expense, will (i) furnish Lessor a bill of sale, in form and substance satisfactory to Lessor and the Secured Party, with respect to such Replacement Unit, (ii) cause a supplement hereto, in form and substance satisfactory to Lessor and the Secured Party, to be duly executed and delivered by Lessee and, after execution thereof by Lessor, to be filed or recorded, together with any required supplement to the Security Agreement (after execution thereof by the parties thereto), in all places where this Lease and the Security Agreement, or notice of either thereof, have been filed or recorded, and (iii) furnish Lessor and the Secured Party an opinion of counsel (and such other evidence as may be reasonably requested) to the effect that, upon such conveyance, Lessor will acquire full title to such Replacement Unit free of all liens and encumbrances not permitted by this Agreement and that such Replacement Unit will be leased hereunder and subject to the security interests created by, and to all the terms of, the Security Agreement, in each case to the same extent as the Casualty Unit replaced thereby. Each Replacement Unit conveyed to the Lessor shall be in good condition; and each Replacement Unit shall have a remaining useful life at least as long as, and a Fair Market Value (as defined in Section 14.2) at least equal to, that which the Casualty Unit being replaced would have had, but for the Casualty Occurrence. The Lessee will

cause any Replacement Unit or Units to be marked as provided for in Section 4.2 hereof. Any and all such Replacement Units shall be subject to all of the terms and conditions of this Agreement as though part of the original Equipment leased hereunder and shall be deemed to be "Equipment" as used in this Agreement. Upon replacement in accordance with the terms hereof, Lessor and the Secured Party will transfer to Lessee, without recourse or warranty (except as to the absence of liens arising through the transaction in which this Lease is a part), all of Lessor's and the Secured Party's right, title and interest, if any, in and to the Casualty Unit and such Casualty Unit shall thereupon cease to be a unit of Equipment leased hereunder.

If no Event of Default has occurred and is continuing, any Casualty Value deposited in accordance with this Section 11.10 shall, if the Lessee shall in writing so direct, be invested, pending its return or application as hereinafter provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 by NCO/Moody's Commercial Paper Division of Moody's Investor Services, Inc., or the successor of either of them, or (iii) certificates of deposit of, or bankers' acceptances accepted by, domestic commercial banks in the United States of America having capital and surplus in excess of \$50,000,000, in each case maturing not more than one year from the date of such investment (such investments being hereinafter called "Investments"). If no Event of Default has occurred and is continuing, any such Investment may from time to time be sold and the proceeds re-invested in such Investments as the Lessee may in writing direct. Any interest accrued on any Investments also shall be held by the Lessor or the Secured Party, as appropriate and returned or applied as hereinafter provided. Any Investments, the proceeds thereof, plus any interest accrued and paid thereon, shall be held by the Lessor or the Secured Party until the Replacement Unit to which it relates is made subject to this Agreement in accordance with the provisions of this Section, at which time, upon the request of Lessee, such funds shall be paid to the Lessee. If an Event of Default shall have occurred and be continuing, however, the Investments and all proceeds thereof shall be applied as if received upon the sale of the Casualty Unit as a unit of Equipment pursuant to Section 14.2 hereof. The Lessee will pay all expenses incurred by the Lessor and the Secured Party in connection with the purchase and sale of Investments.

SECTION 12. ANNUAL REPORTS.

On or before April 30 in each year, commencing in 1988, the Lessee shall furnish to the Secured Party and Lessor an accurate statement signed by an officer of the Lessee (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have been withdrawn from use pending repairs (other than running repairs)(such units being hereinafter called the "Bad Order Units") or that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Secured Party and Lessor may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, (c) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Section 4 hereof have been preserved or replaced, and (d) stating that the property and public liability insurance requirements of Section 11.1 are fulfilled. If, as set forth in such statement, the number of Bad Order Units withdrawn from use as of the date of such statement (giving effect to repairs made on or prior to that date) exceeds the number equal to 5% of all the units of the Equipment, then the Bad Order Units in excess of such number shall be identified by the Lessee in such statement and shall be deemed to have suffered a Casualty Occurrence on the date of such statement, and payment therefor shall be made as provided in Section 11 hereof. The Secured Party and Lessor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Secured Party and Lessor may request during the term of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to the Equipment, the Lessee will, at its own cost and expense, deliver possession of the Equipment to the Lessor upon such storage tracks of the Lessee as the Lessee may reasonably designate, or in the absence of such designation, as the Lessor may reasonably select, and permit the Lessor to store such Equipment on such tracks for a period not exceeding 90 days from the date the last unit of Equipment is delivered to storage tracks pursuant to this Section 13 and transport the same at any time within such 90 day period to any reasonable place east of the Missouri River (i) on the lines of railroad operated by the Lessee or (ii) to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee, provided, that the obligations of the Lessee to so transport shall be limited to

only one such movement in respect of any such unit of Equipment. The Lessor will use its best efforts to completely remove the Equipment from storage as soon as possible within the 90 day period. The Lessee covenants that, at the time any unit of Equipment is returned to the Lessor in the manner above provided, it will then be in compliance with all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and, if and to the extent permitted thereby, all standards recommended by the A.A.R. applicable to railroad equipment of the character of the Equipment. All movement and storage of such units are to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1 Events of Default. Any of the following events shall constitute an Event of Default ("Event of Default") hereunder:

(a) The Lessee shall fail to pay in full any payment of rent or any other sum payable by the Lessee as provided in this Lease when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days after written notice thereof from the Lessor; or

(b) The Lessee shall fail or refuse to comply with any covenant, agreement, term or provision of this Lease, the Finance Agreement or any Related Agreements (as defined in Article 6 of the form of Conditional Sale Agreement attached as an exhibit to the Finance Agreement) and such failure shall continue for more than 30 days after the Lessor shall have demanded in writing performance thereof; or

(c) Any representation or warranty on the part of the Lessee made herein, in the Finance Agreement, in any Related Agreement or in any of the other operative agreements with respect hereto or thereto or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease, the Finance Agreement or any Related Agreement, or any of the other operative agreements with respect hereto or thereto is untrue in any material respect as of the date of issuance or making thereof, and, in the case of representations or warranties set forth in paragraphs 2, 4, or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Lessor or the Secured Party; or

(d) A case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Lessee and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within 60 days after such case shall have been commenced, (A) all the obligations of the Lessee under this Lease shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as obligations incurred by such trustee or trustees which are entitled to payment as administrative expenses pursuant to 11 U.S.C. 507(a)(1) (as such section is now in effect or hereafter may be amended or replaced) and (B) all Events of Default under subparagraphs (a), (b) or (f) of this Section 14.1 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other Events of Default under subparagraphs (a), (b), or (f) of this Section 14.1 which from time to time occur hereunder; or

(e) Any other case or proceedings shall be commenced by or against the Lessee for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or the Board of Directors of the Lessee shall authorize the commencement of any such other case or proceedings, and, if any such case or proceedings have been commenced against the Lessee, such case or

proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such case or proceedings shall have commenced; or the Lessee shall make an assignment for the benefit of creditors; or the Lessee admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such admission, inability or failure shall continue for 30 days after notice thereof from the Lessor or the Secured Party; or a trustee, custodian or receiver is appointed for the Lessee or for a major part of the property thereof and is not discharged within 60 days after such appointment; or

(f) The Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or any interest herein or any unauthorized transfer of the right to possession of the Equipment and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such unit (or make provision satisfactory to the Lessor for such compliance) within 15 days after written notice from the Lessor demanding such cancellation and recovery of possession.

14.2 Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this lease or to recover damages for the breach thereof, including reasonable attorneys' fees; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full

rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to the Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Equipment which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Equipment for such period, such present worth to be computed in each case on a basis of a per annum discount at the penalty rate of interest applicable to the Loan Account on the date of termination minus 4%, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; and (ii) any damages and expenses, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of this Section 14.2 Fair Market Value and Fair Rental Value shall be determined as follows:

- (A) Fair Market Value of a unit of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's-length transaction between an informed and willing purchaser (other than a purchaser currently in possession or a purchaser which is a dealer in used equipment of the type which constitutes the unit of Equipment to be purchased) and an informed and willing seller under no compulsion to sell. Initially, the Lessor shall reasonably determine the Fair Market Value of a unit of Equipment. If Lessee does not agree to such determination within ten days, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or if the appraisers are not appointed or cannot agree on the amount of such value within thirty days, then the term "Appraiser" shall mean an appraiser chosen by the American

Arbitration Association, which appraiser shall be instructed to make its determination within a period of thirty days following appointment. If such unit is sold in a commercially reasonable manner prior to such determination, such sale price shall conclusively establish Fair Market Value.

- (B) The Fair Rental Value of a unit of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. Initially, the Lessor shall determine the Fair Rental Value of a unit of Equipment. If Lessee does not agree to such determination within ten days, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or if the appraisers are not appointed or cannot agree on the amount of such value within thirty days, then the term "Appraiser" shall mean an appraiser chosen by the American Arbitration Association, which appraiser shall be instructed to make its determination within a period of thirty days following appointment. If such unit is leased in a commercially reasonable manner prior to such determination, the rental due thereunder shall be used in determining the Fair Rental Value of such Equipment.

The expenses and fees of the Appraiser shall be included as part of the Expenses for which the Lessee is liable in accordance with clause (11) of subparagraph (b) above.

14.3 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.4 Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1 Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of the Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place east of the Missouri River on Lessee's lines as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad without charge for insurance, rent or storage until the later of (i) 30 days after the Loan Account and all other obligations of the Lessor under the Finance Agreement and of the Lessee under the Finance Agreement and hereunder have been paid and performed in full, or (ii) 120 days after notice from the Lessee that all of the Equipment has been placed in storage; and

(c) Transport the Equipment to any reasonable place on Lessee's lines, all as the Lessor may direct in writing.

15.2. Specific Performance. The delivery and transporting of the Equipment as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3 Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of the Equipment to the Lessor, to demand and take possession of the Equipment in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of the Equipment.

SECTION 16. Assignments by Lessor

The Lessee and the Lessor hereby confirm that, concurrently with the execution and delivery of this Lease, the Lessor has executed and delivered to the Secured Party the Security Agreement which assigns and grants a security interest to the Secured Party in, to and under this Lease and certain of the rentals and other amounts payable hereunder, all as more explicitly set forth in Section 1 of the Security Agreement. The Lessee hereby acknowledges receipt of an executed copy of the Security Agreement and agrees that the sums payable by the Lessee hereunder which have been assigned to the Secured Party under the Security Agreement shall be paid to or upon the written order of the Secured Party; provided that until receipt of any such written order the Lessee may make all such payments in accordance with the provisions of Section 2.2 hereof. Without limiting the foregoing, the Lessee further acknowledges and agrees that, so long as any indebtedness secured by the Security Agreement remains unpaid, (a) the rights of the Secured Party in and to the sums payable under this Lease which are assigned to the Secured Party under the Security Agreement shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay the Secured Party all of the rents and other sums which are the subject matter of the assignment, and (b) except as otherwise provided in the Security Agreement, the Secured Party shall, if an Event of Default or a Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges, and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Secured Party) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

It is understood and agreed that the right, title and interest of the Secured Party in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1 Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in

accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Secured Party, the Lessee shall not (except as provided in Section 17.3 hereof) assign or transfer its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor and the Secured Party, part with the possession or control of, or suffer to allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof and clause (ii) of the first paragraph of Section 8 hereof.

17.2 Use and Possession. The Lessee shall not, without the prior written consent of the Lessor and the Secured Party (which consent will not be unreasonably withheld), have the right to sublease the Equipment or any unit thereof; provided, however, that the Lessee shall have the right to sublease the Equipment or any unit thereof to any railroad organized under the laws of the United States of America or any state thereof or the District of Columbia without the Lessor's and the Secured Party's consent if such sublease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Lease. Any sublease and the rights and interest of any sublessee thereunder shall in all events be expressly subject and subordinate to this Lease and the rights and interests of the Lessor and its successors and assigns hereunder. The Lessee shall, promptly upon entering into any sublease, furnish to the Lessor and the Secured Party a written statement setting forth the amount, description and number of units of Equipment being subleased and attaching a copy of such sublease agreement. In no event shall any assignment or sublease agreement entered into by the Lessee relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained in this Lease to the contrary notwithstanding, the Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any unit of Equipment to, or use or permit the use by any assignee or sublessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

17.3 Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed in writing satisfactory to the Lessor and the Secured Party the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees,

successors or transferees will not, upon the effectiveness of such merger or consolidation or acquisition of properties, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a surety. The Lessee agrees to give the Lessor and the Secured Party prior written notice of any such merger, consolidation or acquisition.

SECTION 18. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to (i) the applicable interest rate on overdue amounts as determined in Section 3.6 of the Finance Agreement times (ii) the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 19. MISCELLANEOUS.

19.1 Warranties of Lessee. The Lessee represents, and warrants that: (i) The Lessee will use the Equipment at all times in accordance with the laws, rules, regulations and ordinances of the United States of America, the several states and municipalities thereof, and any other sovereign jurisdiction in which the Equipment may be used; (ii) the Equipment will not be located in any area excluded from coverage by any insurance policy with respect thereto or required to be maintained thereon pursuant to this Lease;

19.2 Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor:

North Western Leasing Company
One North Western Center
165 North Canal Street
Chicago, Illinois 60606
Attn: Assistant Vice
President-Finance

If to the Lessee:

Chicago and North Western
Transportation Company
One North Western Center
165 North Canal Street
Chicago, Illinois 60606
Attn: Assistant Vice
President-Finance

If to the Secured Party:

La Salle National Bank
135 South La Salle Street
Chicago, Illinois 60603
Attn: Mr. Joseph Lane
Vice President

or addressed to either party at such other address as such party hereafter furnish to the other party in writing.

19.3 Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, make advances to perform the same and to take all such action as in the Lessor's opinion may be necessary to obtain such performance. All payments so made by the Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder.

19.4 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

19.5 Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

19.6 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

19.7 Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

NORTH WESTERN LEASING COMPANY

[CORPORATE SEAL]

By _____
Vice President

ATTEST:

Assistant Secretary

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

[CORPORATE SEAL]

By _____
Vice President

ATTEST:

Assistant Secretary

This Lease and certain rent due and to become due hereunder have been assigned to, and are subject to a security interest in favor of La Salle National Bank (the "Secured Party") pursuant to a Security Agreement dated as of the date hereof between the Lessor and the Secured Party. Information concerning such security interest may be obtained from La Salle National Bank, 135 South La Salle Street, Chicago, Illinois 60603.

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

On this _____ day of _____, 198____, before me personally appeared _____ to me personally known, who being by me duly sworn, did say that they are a Vice President and Assistant Secretary, respectively, of North Western Leasing Company and that the foregoing instrument was signed and sealed by them in the respective capacities therein set forth on behalf of said corporation by authority of its board of directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

On this _____ day of _____, 198____, before me personally appeared _____ to me personally known, who being by me duly sworn, did say that they are a _____ Vice President and Assistant Secretary respectively, of Chicago and North Western Transportation Company and that the foregoing instrument was signed and sealed by them in the respective capacities therein set forth on behalf of said corporation by authority of its board of directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

SCHEDULE A
TO EQUIPMENT LEASE
DESCRIPTION OF EQUIPMENT

Type of Equipment

Quantity

Identification
Numbers

SCHEDULE B

Dated:

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: NORTH WESTERN LEASING COMPANY, as Lessor,
and THE LaSALLE NATIONAL BANK

I, _____, the duly authorized representative of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad") for the purpose of Section 1.2 of the Equipment Lease (the "Lease") dated as of _____ between NORTH WESTERN LEASING COMPANY (the "Lessor") and the Railroad, DO HEREBY CERTIFY the units of railroad equipment described in Schedule A attached hereto (the "Equipment") have been inspected on behalf of the Railroad and that all units of the Equipment were delivered to the Railroad under the Lease and have been accepted by me on behalf of the Railroad.

Authorized Representative
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

SECURITY AGREEMENT

Dated as

FROM

NORTH WESTERN LEASING COMPANY,

DEBTOR,

TO

LA SALLE NATIONAL BANK,

SECURED PARTY.

[Note: This form will incorporate the number of equal principal installments set forth for the Equipment in Exhibit 2 to the Finance Agreement.]

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties.....		1
Recitals.....		1
1	Grant of Security.....	1
1.1	Equipment Collateral.....	2
1.2	Rental Collateral.....	2
1.3	Certain Other Collateral.....	3
1.4	Limitations to Security Interest....	3
1.5	Cross Collateralization.....	3
1.6	Duration of Security Interest.....	4
2	Covenants and Warranties of the Debtor.....	5
2.1	Debtor's Duties.....	5
2.2	Warranty of Title.....	6
2.3	Further Assurances.....	7
2.4	After-Acquired Property.....	7
2.5	Recordation and Filing.....	8
2.6	Modifications of the Lease.....	8
2.7	Power of Attorney in Respect of the Lease and Other Documents.....	9
2.8	Notice of Default.....	9
3	Possession, Use and Release of Property.....	9
3.1	Possession of Equipment.....	9
3.2	Release of Equipment - Casualty Occurrence or Withdrawal Prepayment.....	9
3.3	Release of Equipment - Consent of Secured Party.....	10
3.4	Protection of Purchaser.....	10
4.	Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party	10
4.1	Application of Rents and Other Payments.....	10
4.2	Default.....	13
5	Defaults and Other Provisions.....	13

5.1	Events of Default.....	13
5.2	Secured Party's Rights.....	14
5.3	Acceleration Clause.....	16
5.4	Waiver by Debtor.....	16
5.5	Effect of Sale.....	17
5.6	Application of Proceeds.....	17
5.7	Discontinuance of Remedies.....	18
5.8	Cumulative Remedies.....	18
6	The Secured Party.....	19
6.1	Certain Rights of Secured Party.....	19
6.2	Showings Deemed Necessary by Secured Party.....	19
6.3	Status of Moneys Received.....	19
7	Supplemental Security Agreements.....	20
8	Miscellaneous.....	20
8.1	Payment of the Loan Account.....	20
8.2	Successors and Assigns.....	20
8.3	Partial Invalidity.....	20
8.4	Communications.....	21
8.5	Release.....	21
8.6	Governing Law.....	21
8.7	Counterparts.....	21
8.8	Headings.....	21
	Signature Page.....	22
	Acknowledgments.....	23

Attachments to Security Agreement:

Schedule 1 - Description of Equipment

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of _____ (the "Security Agreement") from NORTH WESTERN LEASING COMPANY, a Delaware corporation (the "Debtor") whose post office address is One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, Attention: Assistant Vice President-Finance, to LA SALLE NATIONAL BANK (the "Secured Party") whose post office address is 135 South La Salle Street, Chicago, Illinois 60603, Attention: Mr. Joseph Lane, Vice President;

R E C I T A L S:

A. Chicago and North Western Transportation Company, a Delaware corporation (the "Lessee"), the Debtor and the Secured Party have entered into that certain Finance Agreement, dated as of June 15, 1987 (herein, as from time to time amended, called the "Finance Agreement") providing, in part, for the Debtor to (i) from time to time incur indebtedness to be secured by a security agreement in order to finance units of equipment identified in Exhibit 2 of the Finance Agreement, and (ii) simultaneously therewith to lease such equipment to the Lessee. Such indebtedness insofar as it relates to the Lease (as hereinafter defined) is to be evidenced by a Loan Account (the "Loan Account") as provided in Section 2.4 of the Finance Agreement.

B. The Loan Account and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at the time due and owing from or required to be paid by the Debtor under the terms of the Loan Account, this Security Agreement, the Finance Agreement and the Debtor Related Agreements (as hereinafter defined) are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Loan Account have been done and performed by the Debtor.

SECTION 1 GRANT OF SECURITY.

The Debtor in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged, and in order to secure the payment of the principal of and interest on the Loan Account according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and

observance of all covenants and conditions in this Security Agreement, in the Finance Agreement and in the Debtor Related Agreements contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof and all proceeds thereof (all of which properties and proceeds hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes the equipment described in Schedule I attached hereto and made a part hereof and in any supplement or supplements hereto from time to time executed constituting the equipment leased or to be leased under that certain Equipment Lease dated as of the date hereof (herein, as from time to time amended, called the "Lease") between the Debtor, as lessor, and the Lessee, as lessee, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements (including, without limitation, Replacement Units (as defined in the Lease)) of and additions, improvements, accessions and accumulations to any and all of said equipment, except such thereof as remain the property of the Lessee under the Lease, (collectively the "Equipment" and individually "Item" or "Item of Equipment") together with all the rents, issues, income, profits and avails therefrom.

1.2 Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor, as lessor under the Lease, including, without limitation:

- (a) the immediate and continuing right to receive and collect all rental and Casualty Value (as each such term is defined in the Lease), insurance proceeds, condemnation awards and all other payments, tenders and security now or hereafter payable to or receivable by the Debtor, as lessor under the Lease,
- (b) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

- (c) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease,

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all rental and Casualty Value and other sums at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Certain Other Collateral. Collateral includes all rights, title, interest, claims and demands, if any, which the Debtor may have against any manufacturer or seller, or any lessee of the Debtor, as lessor, of the Equipment and all proceeds of such rights, title, interest, claims and demands, it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all sums at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.4 Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments or mechanics, each not in default (but only if such taxes, assessments and mechanics' liens are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith. The liens, claims and encumbrances identified in clauses (a) and (b) of this Section 1.4 are hereinafter collectively referred to as the "Permitted Encumbrances".

1.5 Cross Collateralization. The Debtor and the Lessee may enter into conditional sale agreements and leases for the purchase or lease by the Lessee of railroad equipment other than the Equipment, and the Lessee or the Debtor may cause the Secured Party pursuant to the Finance Agreement, to acquire by

assignment from the Debtor its interest in such conditional sale agreements and the equipment described therein, or to make loans to the Debtor secured by security agreements and the leases and leased equipment described therein (such conditional sale agreements, leases and security agreements being hereinafter called the "Debtor Related Agreements"). In consideration for the Secured Party's entering into this Agreement and each Debtor Related Agreement or the assignment thereof and making Advances (as defined in the Finance Agreement) to the Debtor in respect of the Equipment and the equipment described in the Debtor Related Agreements, the Debtor agrees that the Equipment shall be security for the indebtedness and other obligations of the Debtor and the Lessee under the Debtor Related Agreements, and the Debtor does hereby grant to the Secured Party a continuing security interest in the Equipment, subject to the rights of the Lessee under the Lease, to secure the payment of the indebtedness and performance of the obligations of the Debtor and the Lessee, as the case may be, under each Debtor Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Debtor shall have paid all the principal of and interest (and premium, if any) on the Loan Account when any Debtor Related Agreement is still in effect, and thereafter any Item of Equipment suffers a Casualty Occurrence (as hereinafter defined) or is disposed of by the Debtor in the ordinary course of business, no deposit, prepayment or additional security shall be required hereunder or under any Debtor Related Agreement or otherwise, and provided there is then no existing default under any Debtor Related Agreement, the Secured Party's security interest in such Item of Equipment shall be deemed to be terminated and released upon such occurrence or disposition and absolute right to the possession of, title to, and property in such Item of Equipment shall vest in the Debtor without further transfer or action on the part of the Secured Party, except that the Secured Party, if requested by the Debtor and at the Debtor's expense, shall execute and deliver to the Debtor or its nominee a release (without warranties) of its security interest in such Item of Equipment and such other documents as may be necessary or appropriate to make clear upon the public records the release of such security interest.

1.6 Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Finance Agreement and the Debtor Related Agreements contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void, otherwise this Security Agreement shall remain in full force and effect.

SECTION 2 COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties.

- (a) The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Finance Agreement, the Lease and the Debtor Related Agreements and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement thereto were fully set out in an amendment or supplement to this Security Agreement.
- (b) The Debtor shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Debtor shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange (if and to the extent permitted by the Interchange Rules or supplements thereto of the Association of American Railroads (the "AAR")). Except as required or permitted by the provisions of Section 2.1 (c) hereof or the Lease, the Debtor shall not modify or permit the modification of any Equipment without the prior written authority and approval of the Secured Party which authority and approval shall not be unreasonably withheld.
- (c) Without limiting the foregoing subsection (b), the Debtor agrees to comply with all insurance policies covering the Equipment and all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, if and to the extent permitted thereby, the current Interchange Rules or supplements thereto of the Mechanical Division, AAR) as the same may be in effect from time to

time with respect to the use, maintenance and operation of the Equipment. In case any equipment or appliance is reasonably interpreted as being required to be installed on any Equipment in order to comply with such laws, regulations, requirements and rules, the Debtor agrees to make such changes, additions and replacements at its own expense; provided, however, that the Debtor may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Secured Party adversely affect the security interest of the Secured Party hereunder.

- (d) The Debtor will cause the Lessee to maintain the insurance described in Section 11.1 of the Lease. If for any reason the Lessee fails to insure the Equipment in accordance with said Section 11.1, the Debtor shall, at its own expense, maintain such insurance and shall provide the Secured Party the items which the Lessee is obligated to provide from time to time under said Section 11.1.
- (e) The Secured Party shall have at all times the right to enter into and upon any premises under the control of the Debtor where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting the Secured Party's interest therein.
- (f) The Debtor will keep records concerning the Collateral, which records will be of such character as will enable the Secured Party or its designees to determine at any time the status thereof.

2.2 Warranty of Title. The Debtor warrants that it is the owner of the Equipment; it has, or prior to the time of the closing (the "Closing") of the loan evidenced by the Loan Account will have, good title to the Equipment and the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). The Debtor also agrees that it will promptly take such action as may be necessary to duly discharge any liens, charges or encumbrances on the Collateral

which result from claims against the Debtor; and the Debtor further agrees to indemnify and hold harmless the Secured Party from and against any cost or expenses (including legal fees and expenses) incurred, in each case, as a result of the imposition or enforcement of any liens, charges or encumbrances referred to in the foregoing clause of this second sentence of Section 2.2. Without limiting the foregoing, the Debtor agrees to cause to be executed prior to the Closing a termination or release of the liens, if any, evidenced by each financing statement or other filed or recorded instrument, if any, in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral, excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and agrees to file or record in the appropriate public offices termination statements or other instruments evidencing such termination or release, promptly, but in no event later than the tenth business day after the Closing. Additionally, the Debtor agrees that it will not pledge, mortgage, grant a security interest in or assign the Collateral except under this Security Agreement.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired, including all acts, deeds, conveyances, transfers and assurances necessary or proper with respect to Replacement Units. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment of the Lease pursuant to Section 16 thereof and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct.

2.4 After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplement to this Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6 Modifications of the Lease. The Debtor will not:

- (a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than the lien of this Security Agreement), except that if the Lessee requests to terminate the Lease with respect to certain Equipment pursuant to Section 11.4 thereof and the Debtor complies with Section 4.12 of the Finance Agreement with respect to prepayment of the Loan Account (any such prepayment made in compliance with Section 4.12 of the Finance Agreement being herein called a "Withdrawal Prepayment"), then the Debtor may thereafter terminate the Lease with respect to any Item of Equipment for which a Withdrawal Prepayment has been made; or
- (b) receive or collect any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect to the Equipment; or
- (c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7 Power of Attorney in Respect of the Lease and Other Documents. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney, with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in partial payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby; provided that the Secured Party may exercise the rights granted under this Section 2.7 only if an Event of Default (as hereinafter defined) has occurred and is continuing.

2.8 Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if any officer of the Debtor has actual knowledge of such event or condition and is also aware, or should reasonably have been aware, that such event or condition constitutes such an Event of Default.

SECTION 3 POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Equipment. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto so long as such possession, enjoyment, control, management, operation and use does not involve service in regular operation outside the contiguous continental United States, provided, always, that the possession, enjoyment, control, management, operation and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2 Release of Equipment - Casualty Occurrence or Withdrawal Prepayment. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of (1) any Item of Equipment

designated for settlement pursuant to Section 11.6 or 11.10 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and compliance with the other relevant provisions of said Section 11 of the Lease, or (ii) any Item of Equipment designated by the Lessee for termination pursuant to Section 11.4 of the Lease upon receipt, in compliance with Section 4.12 of the Finance Agreement, of the amounts described in said Section.

3.3 Release of Equipment - Consent of Secured Party.

In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, and the Secured Party shall release its interest in the same from the lien hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the Secured Party.

3.4 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4 APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1 Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Loan Account. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

- (a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of rental under the Lease shall be applied as follows: first, to the payment of the installments of principal and/or interest (and in each case first to interest and then to principal) on the Loan Account which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party; second, to the payment of other amounts due or to

become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and third, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

- (b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" of an item of Equipment pursuant to Section 11 of the Lease (as opposed to a deposit of Casualty Value pursuant to Section 11.10 of the Lease pending the subjection to the Lease of a Replacement Unit) shall be applied by the Secured Party as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such item shall be applied to the prepayment of the principal of the Loan Account to reduce installments thereafter falling due in the inverse order of maturity; second, that portion of the Casualty Value received which constitutes interest on the amount applied pursuant to clause first hereof shall be applied to accrued interest on the Loan Account; third, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and fourth, the balance, if any, of such amounts shall promptly be released to or upon the order of the Debtor.

For purposes of this Section 4.1(b), the "Loan Value", in respect of any item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is the portion of the Advance related to the Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Advance (including that portion of the Advance related to the Item of Equipment for which settlement is then being made) for all Equipment then subject to the Lease, times (B) the aggregate unpaid principal amount of the Loan Account immediately prior to the prepayment provided for in this Section 4.1(b).

- (c) The amounts from time to time received by the Secured Party which constitute a deposit of the

Casualty Value of an item of Equipment pursuant to Section 11.10 of the Lease pending the subjection to the Lease of a Replacement Unit shall be held, and invested in accordance with said Section 11.10, until such time as the Replacement Unit is subjected to the Lease in accordance with the terms thereof. Thereafter, the proceeds of any investments of the Casualty Value shall, upon the request of the Lessee and Debtor, be released to or upon the order of the Lessee.

(d) The amounts, if any, received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee or the Debtor in respect of an item of Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if such item of Equipment is to be repaired, be released to the Lessee for expenditures made for such repair in accordance with Section 11.1 of the Lease.

(ii) If the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such item and no Replacement Unit is to be subjected to the Lease, then, so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Loan Account all in the manner and to the extent provided for by Section 4.1(b) hereof;

- (B) Second, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and
 - (C) Third, the balance, if any, of such insurance proceeds held by the Secured Party after making applications provided for by the preceding subparagraphs shall be released to or upon the order of the Debtor.
- (iii) If the Lessee shall have notified the Secured Party in writing that a Replacement Unit is to be subjected to Lease, then, so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds to the extent not returned to the Lessee pursuant to Section 11.1 of the Lease shall be held by the Secured Party, treated as if they were Casualty Value subject to the foregoing subsection (c) and released in accordance with said subsection (c).

4.2 Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5 DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

- (a) Default in payment of an installment of the principal of, or interest on, the Loan Account when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and

any such default shall continue unremedied for five business days after written notice with respect thereto from the Secured Party to the Debtor and the Lessee; or

- (b) An Event of Default as set forth in Section 14 of the Lease; or
- (c) Default on the part of the Debtor or the Lessee in the due observance or performance of any other covenant, condition or agreement to be observed or performed under this Security Agreement, the Debtor Related Agreements or the Finance Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor and the Lessee specifying the default and demanding the same to be remedied; or
- (d) Any representation or warranty on the part of the Debtor or the Lessee made herein or in the Finance Agreement or in any of the Debtor Related Agreements or otherwise in connection with the Finance Agreement or any of the Debtor Related Agreements, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made, and, in the case of representations or warranties set forth in paragraphs 2, 4 or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after written notice with respect thereto from the Secured Party to the Debtor and the Lessee; or
- (e) Any claim, lien or charge (other than the Permitted Encumbrances) shall be levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed, or provision made satisfactory to the Secured Party (in the sole determination of the Secured Party) to assure the discharge or removal thereof, within thirty days after written notice from the Secured Party to the Debtor and the Lessee demanding the discharge or removal thereof.

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and

the Debtor shall have the rights (subject to the terms of this Security Agreement) and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

- (a) The Secured Party may by notice in writing to the Debtor declare the entire unpaid balance of the Loan Account to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be and become immediately due and payable.
- (b) Subject always to the rights of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.
- (c) Subject always to the rights of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least fifteen days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or

not it be the location of the Collateral or any part thereof) designated in notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party may bid and become the purchaser at any such sale.

- (d) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable laws.
- (e) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed (to the extent it previously has not done so) to exercise all rights, privileges and remedies under the Lease and under the Debtor Related Agreements, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Loan Account, if not previously due, and the interest then accrued thereon, shall at once become and be immediately due and payable.

5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any delay, stay or extension law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or

sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, the Debtor hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.6 Application of Proceeds. The rentals, proceeds and/or avails of any lease or sale of the Collateral, or any part thereof, and the proceeds and the avails of the exercise of any right or remedy hereunder shall be paid to and applied as follows:

- (a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of any such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;
- (b) Second, to the payment of the Secured Party of the amount then owing or unpaid on the Loan Account for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loan Account, then

first, to the unpaid premium, if any, thereon, second, to unpaid interest thereon, and third, to the unpaid principal installments thereof (in such order of installments as the Secured Party may from time to time elect); such application to be made upon presentation of the Loan Account, and the notation thereon of the payment; and

- (c) Third, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement, the Debtor Related Agreements or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and
- (d) Fourth, the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor and the Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor hereunder shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder; nor shall the Secured Party be required to first look to enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6 THE SECURED PARTY.

6.1 Certain Rights of Secured Party.

- (a) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Finance Agreement, the Debtor Related Agreements or any instrument included in the Collateral, or as to THE VALUE, TITLE, CONDITION, MERCHANTABILITY OR FITNESS FOR USE OF, OR OTHERWISE WITH RESPECT TO, ANY EQUIPMENT OR ITEM OF EQUIPMENT OR ANY SUBSTITUTE THEREFOR.
- (b) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (c) The Debtor will pay all expenses incurred by the Secured Party in connection with the purchase and sale of Investments (as defined in the Lease).

6.2 Showings Deemed Necessary by Secured Party. Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed reasonably necessary or appropriate in addition to the matters by the terms hereof required as in condition precedent to such action.

6.3 Status of Moneys Received. All moneys received by the Secured Party shall, until used, applied or returned as herein provided, be held for the purposes for which they were received; and, except (i) as specifically provided in the Lease and herein with respect to the Investments and (ii) to the extent required by law, such moneys need not be segregated in any manner from any other moneys, may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department and the Secured Party shall be under no liability for interest on any moneys received by it hereunder.

SECTION 7. SUPPLEMENTAL SECURITY AGREEMENTS.

The Debtor and the Secured Party from time to time at any time may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more of the following purposes:

- (a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Debtor, or
- (b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement (including Replacement Units) and to correct and amplify the description of any property subject to the security interest hereof;

and the Debtor covenants to perform all requirements of any such supplemental agreement.

SECTION 8 MISCELLANEOUS.

8.1 Payment of the Loan Account.

- (a) The principal of, premium, if any, and interest on the Loan Account shall be payable at the principal office of the Secured Party, in lawful money of the United States of America.
- (b) The Debtor will cause all payments and prepayments of the principal of, and interest and premium, if any, on the Loan Account to be made by wire transfer in Federal or otherwise immediately available funds before noon Chicago time on each date such payment or prepayment is due.

8.2 Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

8.3 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

8.4 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: North Western Leasing Company,
at its address first-above
written.

If to the Secured Party: La Salle National Bank
at its address first-above
written.

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

8.5 Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

8.6 Governing Law. This Security Agreement shall be construed in accordance with and governed by the internal laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

8.7 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement. Each of the Debtor and the Secured Party acknowledge receipt of a true, correct and complete counterpart of this Security Agreement.

8.8 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

NORTH WESTERN LEASING COMPANY

ATTEST:

By: Its Vice President

Its Assistant Secretary

DEBTOR

[CORPORATE SEAL]

LA SALLE NATIONAL BANK

ATTEST:

By: Its Vice President

Its

[CORPORATE SEAL]

SECURED PARTY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, 198 ,
before me personally appeared _____, to
me personally known, who being by me duly sworn, says that he
is a _____ Vice President _____ of NORTH WESTERN
LEASING COMPANY, that one of the seals affixed to the foregoing
instrument is the corporate seal of said corporation, that said
instrument was signed and sealed on behalf of said corporation
by authority of its Board of Directors; and he acknowledged
that the execution of the foregoing instrument was the free act
and deed of said corporation.

[SEAL]

Notary Public

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, 198 , before
me personally appeared _____, to me
personally known, who being by me duly sworn, says that
is a Vice President of LA SALLE NATIONAL BANK, that one of the
seals affixed to the foregoing instrument is the corporate seal
of said national banking association, that said instrument was
signed and sealed on behalf of said national banking
association by authority of its Board of Directors; and he/she
acknowledged that the execution of the foregoing instrument was
the free act and deed of said national banking association.

[SEAL]

Notary Public

My Commission expires:

SCHEDULE 1
(to Security Agreement)

DESCRIPTION OF EQUIPMENT

Number
of Items

Description

Identifying Numbers

L/P-475(6*)

EXHIBIT 7
TO
FINANCE AGREEMENT
CERTIFICATE

To: La Salle National Bank

Gentlemen:

Reference is made to the Finance Agreement, dated as of June 15, 1987 (the "Finance Agreement"), entered into by the undersigned and you. The capitalized terms used herein or in Attachment A hereto shall have the respective meanings set forth in the Finance Agreement unless the context thereof otherwise requires.

As an inducement to and as part of the consideration for the Advance to be made pursuant to the Finance Agreement each of the undersigned represents and warrants to you as of the date hereof as set forth in Attachment A hereto.

Dated: _____, 19 __

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: _____
Its: _____

NORTH WESTERN LEASING COMPANY

By: _____
Its: _____

ATTACHMENT A

WARRANTIES AND REPRESENTATIONS
OF
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
AND
NORTH WESTERN LEASING COMPANY

1. Corporate Organization and Authority. The Railroad and the Subsidiary is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware; each has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary; and each has all requisite power and authority to own and operate its properties and to carry on its business as now conducted.

2. Agreements Valid and Binding. The Railroad and the Subsidiary has full right, power and authority to enter into and perform the Operative Agreements (as hereinafter defined) to which it is a party; the execution and delivery of the Operative Agreements by the Railroad and/or the Subsidiary by the officers executing and delivering the same have been duly authorized by the appropriate Board of Directors and the Operative Agreements to which the Railroad and/or the Subsidiary are party have been duly executed and delivered and constitute legal, valid and binding contracts enforceable in accordance with their respective terms.

3. No Violation. The execution and performance of the Operative Agreements by the Railroad and the Subsidiary will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under the Certificates of Incorporation or By-Laws of the Railroad or the Subsidiary or any indenture or other agreement or instrument to which the Railroad or the Subsidiary is a party or by which it or they may be bound or result in the imposition of any liens or encumbrances on the Equipment (except (i) the liens of the Security Agreements and the Conditional Sales Agreements, and (ii) any liens on the interest of the Railroad in the CSA Equipment as purchaser under the Conditional Sale Agreements).

4. Governmental Approvals. No approval, consent or withholding of objection on the part of any governmental body, Federal, state or local, is necessary in connection with the execution and delivery of the Operative Agreements by the Railroad and the Subsidiary or compliance by the Railroad and the Subsidiary with any of the provisions of any of the Operative Agreements.

5. Pending Litigation. Except as reflected in the annual report of the Railroad to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 1986, in other reports to the Securities and Exchange Commission, and in the Litigation Memorandum dated July 8, 1987, copies of which have been delivered to the Bank, on or before the date on which the Finance Agreement was executed by all of the parties hereto: (a) there are no actions at law or in equity pending which, if determined adversely, would result in any material adverse change in the Railroad's or the Subsidiary's ability to carry out its obligations under the Operative Agreements to which it is a party; and (b) there are no proceedings of any kind or nature pending before a Federal or state board or other administrative authority or agency which would result in any material adverse change in the Railroad's or the Subsidiary's ability to carry out its obligations under the Operative Agreements to which it is a party.

6. No Existing Defaults. No Event of Default, as defined in the Conditional Sale Agreements, the Leases or the Security Agreements, has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default as defined therein. Neither the Railroad nor the Subsidiary is in default (for payment or otherwise) under any instruments, agreements or contracts of any kind under or subject to which there is outstanding indebtedness for borrowed money if the effect of such default or defaults is to accelerate the maturity of indebtedness exceeding in the aggregate \$12,000,000 or to permit the holder or holders thereof, or any trustee or agent for such holders, to cause indebtedness exceeding in the aggregate \$12,000,000 to become due and payable prior to its expressed maturity; and, to our knowledge, no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, other than unmatured events of default which would not have a material adverse affect on the Railroad's or the Subsidiary's ability to perform its obligations under the Operative Agreements to which it is party.

7. Financial Statements. The consolidated balance sheet of the Railroad and its subsidiaries as of December 31, 1986 and the consolidated statements of income and shareholders' equity and changes in financial position for the fiscal year ended on said date accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Railroad and otherwise without qualification by Arthur Andersen & Co., and the unaudited consolidated statements of the Railroad and its subsidiaries dated March 31, 1987, have been prepared in accordance with generally accepted accounting principles consistently applied, except as therein noted, present fairly the financial position of the Railroad and its subsidiaries as of such dates and the results of its operations and changes in its financial position for such periods. As of the date on which the Finance Agreement was executed by all of the parties thereto, there had been no material adverse change in the financial condition of the Railroad from the condition disclosed above,

8. Title. Subject to the following proviso, no mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any property or interest therein of the Railroad now attaches or hereafter will attach to the CSA Equipment or the Leased Equipment or in any manner affects or will affect adversely the right, title and interest of the Subsidiary or the security interest of the Bank therein; provided, however, that such liens may attach solely to the interest of the Railroad in and to the CSA Equipment, as purchaser under the Conditional Sale Agreements, and to the rights of the Railroad in and to the Leased Equipment, as lessee under the Leases.

9. Insurance. The CSA Equipment and the Leased Equipment are covered by the insurance required by Article 9 of the Conditional Sale Agreements and Section 11 of the Leases, respectively.

10. Operative Agreements. The term "Operative Agreements" shall mean the Finance Agreement, the Reconstruction Agreement, the Conditional Sale Agreements, the Assignments, the Leases and the Security Agreements.

EXHIBIT B

ORIGINAL ASSIGNMENT

ASSIGNMENT AGREEMENT

Dated as of December 15, 1988

Reference is hereby made to that certain Finance Agreement dated as of June 15, 1987, as amended to the date hereof (the "Agreement"), among Chicago and North Western Transportation Company and North Western Leasing Company (the "Borrower"), and LaSalle National Bank ("LaSalle"). Terms used in the Agreement shall have the same meaning herein as therein.

LaSalle, in its capacity as the Bank under the Agreement (the "Assignor") and Algemene Bank Nederland N.V. (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, without recourse, all rights and obligations of the Assignor under the Agreement and the Advances owing to the Assignor as of the Effective Date (as hereinafter defined) hereof, together with all collateral security therefor as more fully described in paragraph two hereof.
2. The Assignment provided for hereby shall include an assignment of all rights of the Assignor under all collateral security for the Advances including all conditional sale agreements, security agreements and any and all other agreements securing or relating to the Advances. The Assignee hereby appoints LaSalle as its collateral agent to hold all rights under the above-described security and other documents including all rights to insurance, as agent for the Assignee as the secured party, subject to the sole order and direction of the Assignee. The Assignee hereby authorizes the Assignor to disclose to any of the creditors of the Borrower that the Assignor is acting as collateral agent for the Assignee. Upon the occurrence of any event of default under the Advances or any security or other agreement related thereto, the Assignor agrees to take such steps with regard to the enforcement and collection of the Advances and all collateral therefor as the Assignee may direct.
3. As of the Effective Date, prior to giving effect to the assignment hereunder, the Assignor represents and warrants that it is the legal and beneficial owner of the interest being assigned by it here-

under and that such interest is free and clear of any adverse claim. The Assignor does not make any representation or warranty or assumes any responsibility with respect to (a) any statements, warranties or representations made in or in connection with the Agreement or the Advances or any instrument or document related thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or the Advances or any other instrument or document related thereto or (b) the financial condition of the Borrower or any other party liable with respect to the Advances or the performance or observance by the Borrower or any other party of any of their respective obligations under the Agreement or any other instrument or document related thereto.

4. The Assignee (i) confirms that it has received a copy of the Agreement and the other related loan documents, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment, and that it has, independently and without reliance upon the the Assignor, made its own credit decision; and (ii) agrees that it will, independently and without reliance upon the Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or directing action or not taking action or not directing action under the Agreement and the Advances or any instrument or document related thereto.

5. This Assignment shall be effective as of December 15, 1988 (the "Effective Date") when counterparts thereof are executed by the Assignor and the Assignee.

6. From and after the Effective Date, (i) the Assignee shall be a party to the Agreement and, to the extent provided in this Assignment, have the rights and obligations of a Bank thereunder provided that LaSalle shall act as agent for the Assignee as above provided, (ii) references in the Agreement to the term "Bank" or "Banks" shall include the Assignee and (iii) the Assignor shall to the extent provided in this Assignment, relinquish its rights and be released from its obligations under the Agreement.

7. From and after the Effective Date, the Borrower shall make all payments under the Agreement and the Advances (including, without limitation, all

payments of principal, interest, and fees with respect thereto) to the Assignee by wiring funds to: ABN New York, for credit to account of ABN Chicago, Account Number 651-0-010111-42, (reference Chicago and North Western Transportation Company) ABN New York's ABA routing number: 026009580. *The Assignor and the Assignee shall make any appropriate adjustments in payments under the Agreement and the Advances for periods prior to the Effective Date directly between themselves. *Payments can also be made by check payable to Algemene Bank Nederland N.V. Chicago Branch. *KK*

8. This Assignment may be executed in any number of counterparts and by any combination of the parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Assignment.

9. This Assignment shall be governed by, and construed in accordance with, the laws of the State of Illinois.

LASALLE NATIONAL BANK

By *Isaac D. Nickay*
Its *Treasurer*

ALGEMENE BANK NEDERLAND N.V.

By *Catheryn N. Fuller*
Name *Catheryn N. Fuller*
Title *Vice President*

By *C. Fowler*
Name *CHARLES H. FOWLER*
Title *ASSISTANT VICE PRESIDENT*

Address for Notices:

Algemene Bank Nederland N.V.
Chicago Branch
135 South LaSalle Street
Suite 560
Chicago, Illinois 60603
Attention: Charles H. Fowler
Telex No.: 256243
Answer Back: Algemene CGO

EXHIBIT C

COLLATERAL DOCUMENTS

(1)


BILL OF SALE

NORTH WESTERN LEASING COMPANY (the "Seller") in consideration of the sum of \$1.00 and other good and valuable consideration paid by LASALLE NATIONAL BANK (the "Assignee") Assignee under an Agreement and Assignment dated as of September 15, 1987 (the "Assignment"), between the Seller and the Assignee, by which the Seller assigned to the Assignee certain rights of the Seller under the Conditional Sale Agreement dated as of September 15, 1987 (the "Conditional Sale Agreement"), between the Seller and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby transfer to the Assignee all of the Seller's right, title and interest in the railroad equipment described in Schedule A attached hereto (the "Equipment").

And the Seller hereby warrants to the Assignee and to the Railroad that at the time of delivery to the Railroad of each unit of the Equipment under the Conditional Sale Agreement the Seller had legal title thereto and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances (other than any Permitted Encumbrances (the "Permitted Encumbrances" as defined in Article 12 of the Conditional Sale Agreement); other than those created by any general mortgage of the Railroad; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under the Assignment) and that on the date hereof such unit was free of all claims, liens, security interests and other encumbrances created by any general mortgage of the Railroad which are prior or equal to the security interest of the Assignee in such unit; and the Seller covenants that it will defend such title against the demands of all persons whomsoever based on claims originating prior to delivery of such units by the Seller to the Railroad under the Conditional Sale Agreement including Permitted Encumbrances and those created by any general mortgage of the Railroad.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed in its name by a duly authorized officer and its corporate seal to be hereunto affixed and duly attested, all as of the 24th day of September, 1987.

NORTH WESTERN LEASING COMPANY

By 
Vice President -
Finance and Accounting

ATTEST:


Assistant Secretary

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CGW 10302	\$ 12,987
		CGW 10303	12,987
		CGW 10304	12,987
		CGW 10306	12,987
		CGW 10307	12,987
		CGW 10309	12,987
		CGW 10310	12,987
		CGW 15000	18,639
		CNW 91503	11,649
		CNW 91504	11,649
		CNW 91507	11,649
		CNW 91508	11,649
		CNW 91513	11,649
		CNW 91514	11,649
		CNW 91515	11,649
		CNW 91519	11,649
		CNW 91522	11,649
		CNW 91524	11,649
		CNW 91525	12,446
		CNW 91526	12,446
		CNW 91529	12,446
		CNW 91530	12,446
		CNW 91532	8,830
		CNW 91534	12,446
		CNW 91538	12,446
		CNW 91541	17,342
		CNW 91542	14,180
		CNW 91544	14,963
		CNW 91545	14,963
		CNW 91547	17,304
		CNW 91548	17,304
		CNW 91551	15,914
		CNW 91583	22,639
		CNW 91585	21,670
		CNW 91588	21,167
		CNW 92090	33,765
		CNW 92091	34,368
		CNW 92092	31,342
		CNW 92093	31,342
		CNW 92094	31,631
		CNW 92095	31,631
		CNW 92096	31,631
		CNW 92097	31,631
		CNW 92098	31,631
		CNW 92099	31,631
		CNW 92100	31,631
		Subtotal	<u>\$839,224</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CNW 92101	\$ 31,631
		CNW 92102	31,631
		CNW 92103	31,631
		CNW 92104	31,631
		CNW 92105	32,331
		CNW 92106	32,331
		CNW 92107	31,631
		CNW 92108	31,631
		CNW 92109	31,631
		CNW 92110	31,631
		CNW 92111	31,631
		CNW 92114	31,631
		CNW 92115	31,631
		CNW 92116	31,631
		CNW 92117	31,631
		CNW 92118	31,631
		CNW 92119	31,631
		CNW 150109	21,569
		CNW 152034	16,036
		CNW 153103	15,718
		CNW 160024	18,229
		CNW 160046	18,229
		CNW 160066	18,229
		CNW 160263	18,229
		Subtotal	\$ 665,366
121	50-Foot Box Cars	CGW 10312	\$ 12,987
		CGW 10313	12,987
		CGW 10316	12,987
		CGW 10317	12,987
		CGW 10321	13,139
		CGW 10323	13,139
		CGW 10324	13,139
		CGW 10326	13,139
		CGW 10327	13,139
		CGW 10330	13,139
		CGW 10331	13,139
		CGW 10332	13,139
		CGW 10333	13,139
		CGW 10334	13,139
		CGW 10336	13,139
		CGW 10338	13,139
		CGW 10340	13,139
		CGW 10342	13,139
		CGW 10343	13,139
		CGW 10344	13,139
		CGW 10345	13,139
		CGW 10346	13,139
		CGW 10347	13,139
		CGW 10350	13,139
		CGW 10352	12,987
		CGW 10354	12,987
		Subtotal	\$ 340,702

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars	CGW 10355	\$ 12,987
		CGW 10359	13,139
		CGW 10360	13,139
		CGW 10362	13,139
		CGW 10366	13,139
		CGW 10368	13,139
		CGW 10369	13,139
		CGW 10378	13,139
		CGW 10379	13,139
		CGW 10380	13,139
		CGW 10381	13,139
		CGW 10383	13,139
		CGW 10384	13,139
		CGW 10385	13,139
		CGW 10386	13,139
		CGW 10388	13,139
		CGW 10389	13,139
		CGW 10390	13,139
		CGW 10391	13,139
		CGW 10392	13,139
		CGW 10393	13,139
		CGW 10394	13,139
		CGW 10395	13,139
		CGW 10397	13,139
		CGW 10399	13,139
		CGW 10400	13,139
		CNW 160318	18,229
		CNW 160371	18,391
		CNW 160380	18,391
		CNW 160917	18,320
		CNW 160947	18,320
		CNW 160995	18,320
		CNW 161041	17,997
		CNW 161114	17,997
		CNW 161188	17,997
		CNW 161309	18,159
		CNW 161310	18,159
		CNW 161313	17,997
		CNW 161314	17,997
		CNW 161315	17,997
		CNW 161317	18,159
		CNW 161319	17,997
		CNW 161320	18,159
		CNW 161321	18,159
		CNW 161323	18,159
		CNW 161325	18,159
		CNW 161326	17,997
		CNW 161327	18,159
		CNW 161330	18,159
		CNW 161331	17,997
		Subtotal	\$ 776,837

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars (continued)	CNW 161332	\$ 18,159
		CNW 161334	17,997
		CNW 161335	18,159
		CNW 161336	17,997
		CNW 161339	17,997
		CNW 161340	18,159
		CNW 161342	18,159
		CNW 161343	18,159
		CNW 161344	18,159
		CNW 161349	18,159
		CNW 161350	18,159
		CNW 161352	18,159
		CNW 161354	18,159
		CNW 161356	17,997
		CNW 161358	18,159
		CNW 161360	18,159
		CNW 161367	18,159
		CNW 161368	18,159
		CNW 161370	18,159
		CNW 161371	18,159
		CNW 161373	18,159
		CNW 161374	18,159
		CNW 161377	18,159
		CNW 161378	18,159
		CNW 161381	18,159
		CNW 161385	18,159
		CNW 161387	18,159
		CNW 161388	18,159
		CNW 161390	18,159
		CNW 161392	18,159
		CNW 161393	18,159
		CNW 161394	18,159
		CNW 161395	18,159
		CNW 161396	18,159
		CNW 161416	18,159
		CNW 161450	18,159
		CNW 161457	18,159
		CNW 161458	18,159
		CNW 161490	18,159
		CNW 161523	18,159
		CNW 161588	18,159
		CNW 161601	18,159
		CNW 161786	18,320
		CNW 161851	18,320
		CNW 161859	18,320
			<u>\$ 816,990</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
14	Gondolas	CNW 39511	\$ 18,845
		CNW 39601	22,338
		CNW 39605	22,338
		CNW 39609	22,338
		CNW 39611	22,338
		CNW 39612	22,338
		CNW 39618	22,338
		CNW 39622	22,338
		CNW 39625	22,338
		CNW 39627	22,338
		CNW 39637	22,528
		CNW 39641	22,528
		CNW 132478	14,368
		CNW 132563	14,467
		Subtotal	\$ 293,778
2	Heavy Duty Flat Cars	CNW 48013	\$ 35,802
		CNW 48015	35,802
		Subtotal	\$ 71,604
157	Covered Hoppers	CNW 170500	\$ 15,917
		CNW 170501	15,917
		CNW 170502	15,917
		CNW 170505	15,917
		CNW 170508	15,917
		CNW 170509	15,917
		CNW 170511	15,917
		CNW 170515	15,917
		CNW 170523	13,182
		CNW 170524	13,182
		CNW 170525	15,917
		CNW 170527	13,182
		CNW 170532	15,917
		CNW 170533	13,182
		CNW 170534	15,917
		CNW 170535	15,917
		CNW 170536	15,917
		CNW 170537	13,182
		CNW 170538	15,917
		CNW 170541	15,917
		CNW 170542	15,917
		CNW 170544	15,917
		CNW 170545	15,917
		CNW 170546	15,917
		Subtotal	\$ 368,333

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170550	\$ 15,917
		CNW 170552	15,917
		CNW 170555	15,917
		CNW 170557	15,917
		CNW 170558	15,917
		CNW 170561	15,917
		CNW 170563	15,917
		CNW 170564	15,917
		CNW 170565	15,917
		CNW 170568	15,917
		CNW 170570	15,917
		CNW 170573	15,917
		CNW 170574	16,084
		CNW 170575	15,917
		CNW 170578	16,084
		CNW 170579	16,084
		CNW 170586	13,340
		CNW 170587	16,084
		CNW 170590	16,084
		CNW 170592	16,084
		CNW 170593	16,084
		CNW 170596	16,084
		CNW 170597	16,084
		CNW 170598	16,084
		CNW 170601	16,084
		CNW 170603	13,340
		CNW 170604	16,084
		CNW 170610	16,084
		CNW 170611	16,084
		CNW 170613	16,084
		CNW 170614	16,084
		CNW 170615	16,084
		CNW 170616	16,084
		CNW 170618	16,084
		CNW 170619	16,084
		CNW 170620	13,340
		CNW 170621	16,084
		CNW 170623	16,084
		CNW 170624	16,084
		CNW 170625	16,084
		CNW 170626	16,084
		CNW 170627	16,084
		CNW 170628	16,084
		CNW 170632	16,084
		CNW 170639	16,084
		CNW 170642	16,084
		CNW 170644	16,084
		CNW 170648	16,084
		CNW 170651	16,084
		CNW 170653	16,084
		Subtotal	\$ 793,797

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170655	\$ 16,084
		CNW 170656	16,084
		CNW 170658	16,084
		CNW 170662	16,084
		CNW 170666	16,084
		CNW 170667	16,084
		CNW 170669	16,084
		CNW 170671	16,084
		CNW 170673	16,084
		CNW 170682	16,084
		CNW 170684	16,084
		CNW 170693	13,340
		CNW 170694	16,084
		CNW 170695	16,084
		CNW 170698	16,084
		CNW 170699	16,084
		CNW 170701	16,084
		CNW 170702	16,084
		CNW 170705	16,084
		CNW 170707	16,084
		CNW 170713	16,084
		CNW 170714	16,084
		CNW 170716	16,084
		CNW 170717	16,084
		CNW 170720	16,084
		CNW 170723	16,084
		CNW 170724	16,084
		CNW 170726	16,084
		CNW 170728	16,084
		CNW 170729	16,084
		CNW 170730	16,084
		CNW 170737	16,084
		CNW 170739	16,084
		CNW 170740	16,084
		CNW 170741	16,084
		CNW 170743	16,084
		CNW 170744	16,084
		CNW 170748	16,084
		CNW 170751	16,084
		CNW 170758	16,084
		CNW 170759	16,084
		CNW 170760	16,084
		CNW 170763	16,084
		CNW 170764	16,084
		CNW 170768	16,084
		CNW 170769	16,084
		CNW 170771	16,084
		CNW 170780	16,084
		CNW 170781	16,084
		CNW 170785	16,084
		Subtotal	<u>\$ 801,456</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170788	\$ 16,084
		CNW 170789	16,084
		CNW 170790	16,084
		CNW 170791	16,084
		CNW 170792	16,084
		CNW 170793	14,247
		CNW 170794	14,247
		CNW 170796	13,340
		CNW 170798	13,340
		CNW 170800	16,084
		CNW 170802	13,340
		CNW 170803	16,084
		CNW 170804	16,084
		CNW 170805	16,084
		CNW 170806	16,084
		CNW 170809	14,247
		CNW 170811	16,084
		CNW 170812	16,084
		CNW 170816	14,247
		CNW 170822	14,247
		CNW 170824	14,247
		CNW 170825	11,600
		CNW 170829	14,247
		CNW 170832	14,247
		CNW 170833	14,247
		CNW 170835	11,937
		CNW 170841	14,247
		CNW 170842	14,247
		CNW 170843	14,247
		CNW 170844	14,247
		CNW 170848	14,247
		CNW 170851	14,247
		CNW 170853	14,247
		Subtotal	\$ 484,517
		GRAND TOTAL	\$6,252,604

I hereby certify that the Purchase Price for the CSA Equipment included as Collateral in this Schedule A has been determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads in effect as of September, 1987 and that such CSA Equipment was previously owned by the Railroad.



T. A. Tingleff
Vice President-Finance

NORTH WESTERN LEASING COMPANY
One North Western Center
Chicago, Illinois 60606

I N V O I C E

Date: 9/29/87

*
SOLD TO: Chicago and North Western Transportation Company
One North Western Center
Chicago, Illinois 60606

*In accordance with the Conditional Sale Agreement dated as of September 15, 1987, (the "Conditional Sale Agreement") between North Western Leasing Company (the "Seller") and Chicago and North Western Transportation Company (the "Railroad") and the Agreement and Assignment dated as of September 15, 1987 (the "Assignment") between the Seller and LaSalle National Bank (the "Bank").

DESCRIPTION:

For description of equipment see Schedule A included in the Conditional Sale Agreement (copy attached).

PAYMENT TERMS:

	<u>Total</u>
To be paid by the Railroad pursuant to Article 4 of the Conditional Sale Agreement	\$1,252,604
To be paid by the Bank on the date hereof pursuant to Section 4 of the Assignment	<u>5,000,000</u>

TOTAL \$ 6,252, 604

L109-3

*Certified as to Correctness
of Price*
W. Anderson
Asst. Vice President-Finance

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CGW 10302	\$ 12,987
		CGW 10303	12,987
		CGW 10304	12,987
		CGW 10306	12,987
		CGW 10307	12,987
		CGW 10309	12,987
		CGW 10310	12,987
		CGW 15000	18,639
		CNW 91503	11,649
		CNW 91504	11,649
		CNW 91507	11,649
		CNW 91508	11,649
		CNW 91513	11,649
		CNW 91514	11,649
		CNW 91515	11,649
		CNW 91519	11,649
		CNW 91522	11,649
		CNW 91524	11,649
		CNW 91525	12,446
		CNW 91526	12,446
		CNW 91529	12,446
		CNW 91530	12,446
		CNW 91532	8,830
		CNW 91534	12,446
		CNW 91538	12,446
		CNW 91541	17,342
		CNW 91542	14,180
		CNW 91544	14,963
		CNW 91545	14,963
		CNW 91547	17,304
		CNW 91548	17,304
		CNW 91551	15,914
		CNW 91583	22,639
		CNW 91585	21,670
		CNW 91588	21,167
		CNW 92090	33,765
		CNW 92091	34,368
		CNW 92092	31,342
		CNW 92093	31,342
		CNW 92094	31,631
		CNW 92095	31,631
		CNW 92096	31,631
		CNW 92097	31,631
		CNW 92098	31,631
		CNW 92099	31,631
		CNW 92100	31,631
		Subtotal	\$839,224

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CNW 92101	\$ 31,631
		CNW 92102	31,631
		CNW 92103	31,631
		CNW 92104	31,631
		CNW 92105	32,331
		CNW 92106	32,331
		CNW 92107	31,631
		CNW 92108	31,631
		CNW 92109	31,631
		CNW 92110	31,631
		CNW 92111	31,631
		CNW 92114	31,631
		CNW 92115	31,631
		CNW 92116	31,631
		CNW 92117	31,631
		CNW 92118	31,631
		CNW 92119	31,631
		CNW 150109	21,569
		CNW 152034	16,036
		CNW 153103	15,718
		CNW 160024	18,229
		CNW 160046	18,229
		CNW 160066	18,229
		CNW 160263	18,229
		Subtotal	\$ 665,366
121	50-Foot Box Cars	CGW 10312	\$ 12,987
		CGW 10313	12,987
		CGW 10316	12,987
		CGW 10317	12,987
		CGW 10321	13,139
		CGW 10323	13,139
		CGW 10324	13,139
		CGW 10326	13,139
		CGW 10327	13,139
		CGW 10330	13,139
		CGW 10331	13,139
		CGW 10332	13,139
		CGW 10333	13,139
		CGW 10334	13,139
		CGW 10336	13,139
		CGW 10338	13,139
		CGW 10340	13,139
		CGW 10342	13,139
		CGW 10343	13,139
		CGW 10344	13,139
		CGW 10345	13,139
		CGW 10346	13,139
		CGW 10347	13,139
		CGW 10350	13,139
		CGW 10352	12,987
		CGW 10354	12,987
		Subtotal	\$ 340,702

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars	CGW 10355	\$ 12,987
		CGW 10359	13,139
		CGW 10360	13,139
		CGW 10362	13,139
		CGW 10366	13,139
		CGW 10368	13,139
		CGW 10369	13,139
		CGW 10378	13,139
		CGW 10379	13,139
		CGW 10380	13,139
		CGW 10381	13,139
		CGW 10383	13,139
		CGW 10384	13,139
		CGW 10385	13,139
		CGW 10386	13,139
		CGW 10388	13,139
		CGW 10389	13,139
		CGW 10390	13,139
		CGW 10391	13,139
		CGW 10392	13,139
		CGW 10393	13,139
		CGW 10394	13,139
		CGW 10395	13,139
		CGW 10397	13,139
		CGW 10399	13,139
		CGW 10400	13,139
		CNW 160318	18,229
		CNW 160371	18,391
		CNW 160380	18,391
		CNW 160917	18,320
		CNW 160947	18,320
		CNW 160995	18,320
		CNW 161041	17,997
		CNW 161114	17,997
		CNW 161188	17,997
		CNW 161309	18,159
		CNW 161310	18,159
		CNW 161313	17,997
		CNW 161314	17,997
		CNW 161315	17,997
		CNW 161317	18,159
		CNW 161319	17,997
		CNW 161320	18,159
		CNW 161321	18,159
		CNW 161323	18,159
		CNW 161325	18,159
		CNW 161326	17,997
		CNW 161327	18,159
		CNW 161330	18,159
		CNW 161331	17,997
		Subtotal	\$ 776,837

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars (continued)	CNW 161332	\$ 18,159
		CNW 161334	17,997
		CNW 161335	18,159
		CNW 161336	17,997
		CNW 161339	17,997
		CNW 161340	18,159
		CNW 161342	18,159
		CNW 161343	18,159
		CNW 161344	18,159
		CNW 161349	18,159
		CNW 161350	18,159
		CNW 161352	18,159
		CNW 161354	18,159
		CNW 161356	17,997
		CNW 161358	18,159
		CNW 161360	18,159
		CNW 161367	18,159
		CNW 161368	18,159
		CNW 161370	18,159
		CNW 161371	18,159
		CNW 161373	18,159
		CNW 161374	18,159
		CNW 161377	18,159
		CNW 161378	18,159
		CNW 161381	18,159
		CNW 161385	18,159
		CNW 161387	18,159
		CNW 161388	18,159
		CNW 161390	18,159
		CNW 161392	18,159
		CNW 161393	18,159
		CNW 161394	18,159
		CNW 161395	18,159
		CNW 161396	18,159
		CNW 161416	18,159
		CNW 161450	18,159
		CNW 161457	18,159
		CNW 161458	18,159
		CNW 161490	18,159
		CNW 161523	18,159
		CNW 161588	18,159
		CNW 161601	18,159
		CNW 161786	18,320
		CNW 161851	18,320
		CNW 161859	18,320
			<u>\$ 816,990</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
14	Gondolas	CNW 39511	\$ 18,845
		CNW 39601	22,338
		CNW 39605	22,338
		CNW 39609	22,338
		CNW 39611	22,338
		CNW 39612	22,338
		CNW 39618	22,338
		CNW 39622	22,338
		CNW 39625	22,338
		CNW 39627	22,338
		CNW 39637	22,528
		CNW 39641	22,528
		CNW 132478	14,368
		CNW 132563	14,467
		Subtotal	\$ 293,778
2	Heavy Duty Flat Cars	CNW 48013	\$ 35,802
		CNW 48015	35,802
		Subtotal	\$ 71,604
157	Covered Hoppers	CNW 170500	\$ 15,917
		CNW 170501	15,917
		CNW 170502	15,917
		CNW 170505	15,917
		CNW 170508	15,917
		CNW 170509	15,917
		CNW 170511	15,917
		CNW 170515	15,917
		CNW 170523	13,182
		CNW 170524	13,182
		CNW 170525	15,917
		CNW 170527	13,182
		CNW 170532	15,917
		CNW 170533	13,182
		CNW 170534	15,917
		CNW 170535	15,917
		CNW 170536	15,917
		CNW 170537	13,182
		CNW 170538	15,917
		CNW 170541	15,917
		CNW 170542	15,917
		CNW 170544	15,917
		CNW 170545	15,917
		CNW 170546	15,917
		Subtotal	\$ 368,333

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170550	\$ 15,917
		CNW 170552	15,917
		CNW 170555	15,917
		CNW 170557	15,917
		CNW 170558	15,917
		CNW 170561	15,917
		CNW 170563	15,917
		CNW 170564	15,917
		CNW 170565	15,917
		CNW 170568	15,917
		CNW 170570	15,917
		CNW 170573	15,917
		CNW 170574	16,084
		CNW 170575	15,917
		CNW 170578	16,084
		CNW 170579	16,084
		CNW 170586	13,340
		CNW 170587	16,084
		CNW 170590	16,084
		CNW 170592	16,084
		CNW 170593	16,084
		CNW 170596	16,084
		CNW 170597	16,084
		CNW 170598	16,084
		CNW 170601	16,084
		CNW 170603	13,340
		CNW 170604	16,084
		CNW 170610	16,084
		CNW 170611	16,084
		CNW 170613	16,084
		CNW 170614	16,084
		CNW 170615	16,084
		CNW 170616	16,084
		CNW 170618	16,084
		CNW 170619	16,084
		CNW 170620	13,340
		CNW 170621	16,084
		CNW 170623	16,084
		CNW 170624	16,084
		CNW 170625	16,084
		CNW 170626	16,084
		CNW 170627	16,084
		CNW 170628	16,084
		CNW 170632	16,084
		CNW 170639	16,084
		CNW 170642	16,084
		CNW 170644	16,084
		CNW 170648	16,084
		CNW 170651	16,084
		CNW 170653	16,084
		Subtotal	\$ 793,797

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170655	\$ 16,084
		CNW 170656	16,084
		CNW 170658	16,084
		CNW 170662	16,084
		CNW 170666	16,084
		CNW 170667	16,084
		CNW 170669	16,084
		CNW 170671	16,084
		CNW 170673	16,084
		CNW 170682	16,084
		CNW 170684	16,084
		CNW 170693	13,340
		CNW 170694	16,084
		CNW 170695	16,084
		CNW 170698	16,084
		CNW 170699	16,084
		CNW 170701	16,084
		CNW 170702	16,084
		CNW 170705	16,084
		CNW 170707	16,084
		CNW 170713	16,084
		CNW 170714	16,084
		CNW 170716	16,084
		CNW 170717	16,084
		CNW 170720	16,084
		CNW 170723	16,084
		CNW 170724	16,084
		CNW 170726	16,084
		CNW 170728	16,084
		CNW 170729	16,084
		CNW 170730	16,084
		CNW 170737	16,084
		CNW 170739	16,084
		CNW 170740	16,084
		CNW 170741	16,084
		CNW 170743	16,084
		CNW 170744	16,084
		CNW 170748	16,084
		CNW 170751	16,084
		CNW 170758	16,084
		CNW 170759	16,084
		CNW 170760	16,084
		CNW 170763	16,084
		CNW 170764	16,084
		CNW 170768	16,084
		CNW 170769	16,084
		CNW 170771	16,084
		CNW 170780	16,084
		CNW 170781	16,084
		CNW 170785	16,084
		Subtotal	\$ 801,456

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170788	\$ 16,084
		CNW 170789	16,084
		CNW 170790	16,084
		CNW 170791	16,084
		CNW 170792	16,084
		CNW 170793	14,247
		CNW 170794	14,247
		CNW 170796	13,340
		CNW 170798	13,340
		CNW 170800	16,084
		CNW 170802	13,340
		CNW 170803	16,084
		CNW 170804	16,084
		CNW 170805	16,084
		CNW 170806	16,084
		CNW 170809	14,247
		CNW 170811	16,084
		CNW 170812	16,084
		CNW 170816	14,247
		CNW 170822	14,247
		CNW 170824	14,247
		CNW 170825	11,600
		CNW 170829	14,247
		CNW 170832	14,247
		CNW 170833	14,247
		CNW 170835	11,937
		CNW 170841	14,247
		CNW 170842	14,247
		CNW 170843	14,247
		CNW 170844	14,247
		CNW 170848	14,247
		CNW 170851	14,247
		CNW 170853	14,247
		Subtotal	\$ 484,517
		GRAND TOTAL	\$6,252,604

I hereby certify that the Purchase Price for the CSA Equipment included as Collateral in this Schedule A has been determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads in effect as of September, 1987 and that such CSA Equipment was previously owned by the Railroad.



T. A. Tingleff
Vice President-Finance

AGREEMENT AND ASSIGNMENT

Dated as of September 15, 1987

between

NORTH WESTERN LEASING COMPANY

and

LA SALLE NATIONAL BANK

AGREEMENT AND ASSIGNMENT dated as of September 15, 1987, between LA SALLE NATIONAL BANK (hereinafter called the Assignee) and NORTH WESTERN LEASING COMPANY (hereinafter called the Assignor).

WHEREAS, the Assignor and Chicago and North Western Transportation Company (hereinafter called the Railroad), have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement), covering the sale and delivery on the conditions therein set forth, by the Assignor and the purchase by the Railroad of the railroad equipment described in Schedule A to the Conditional Sale Agreement (said equipment being hereinafter called the Equipment);

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (hereinafter called this Assignment) WITNESSETH: That in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Assignee to the Assignor, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. The Assignor hereby assigns and transfers and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of the Assignor in and to each unit of Equipment when and as severally delivered to and accepted by the Railroad, and when and as the amount required to be paid for such unit is paid to the Assignor by the Assignee pursuant to Section 4 hereof;

(b) all the right, title and interest of the Assignor in and to the Conditional Sale Agreement (except the right to supply and deliver the Equipment and the right to receive the payments specified in subparagraph (a) of the third paragraph of Article 4 thereof and reimbursements for taxes paid by the Assignor as provided in Article 5 thereof) and in and to any and all amounts which may be or become due or owing by the Railroad to the Assignor under the Conditional Sale Agreement in respect of the Purchase Price (as defined in the Conditional Sale Agreement) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the Conditional Sale Agreement, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) hereof, all the Assignor's rights, powers, privileges and remedies under the Conditional Sale Agreement;

without any recourse against the Assignor (except as otherwise provided in Section 3 hereof) for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the Assignor to sell and deliver the Equipment or otherwise under the Conditional Sale Agreement, it being understood and agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Article 15 of the Conditional Sale Agreement, all obligations of the Assignor to the Railroad with respect to the Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Assignor. In furtherance of the foregoing assignment and transfer, the Assignor hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for the Assignor, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but, except as otherwise provided in Section 3 hereof, as between the Assignor and the Assignee, at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. The Assignor agrees that it shall sell and deliver the Equipment in full accordance with the provisions of the Conditional Sale Agreement; and that notwithstanding this Assignment it will perform and fully comply with each of and all the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by the Assignor. The Assignor further agrees that it will warrant to the Assignee and the Railroad that at the time of delivery of each unit of the Equipment under the Conditional Sale Agreement it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by any general mortgage of the Railroad, all of which the Assignor hereby agrees to cause to be released on or before the Closing Date [as defined in Article 4 of the Conditional Sale Agreement] for such unit; other than any Permitted Encumbrances [as defined in Article 12 of the Conditional Sale Agreement]; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); and the Assignor further agrees that it will defend the title to each unit of the Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by the Assignor under the Conditional Sale Agreement, including those

created by any general mortgage of the Railroad or any Permitted Encumbrances; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder.

SECTION 3. Notwithstanding anything herein to the contrary, the Assignor agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, the Assignor will indemnify, protect and hold harmless the Assignee from and against all injuries, liabilities, claims, demands, costs, charges, expenses, losses or damages suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Assignor of any obligation with respect to the Equipment or the manufacture, construction, reconstruction, possession, purchase, delivery, installation, ownership, use, repair, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Assignor.

The Assignor agrees that any amounts payable to it by the Railroad with respect to the Equipment, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the Conditional Sale Agreement with respect to each Group (as defined in said Article 4) of Equipment, shall pay to the Assignor an amount equal to the portion of the Purchase Price of the units of Equipment in such Group as shown on the invoice or invoices therefor then being settled for which, under the terms of said Article 4(b), is payable in installments, provided that there shall have been delivered to the Assignee, as provided in Article 15 of the Conditional Sale Agreement, the following documents, in form and substance satisfactory to it and to its counsel, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from the Assignor to the Assignee transferring to the Assignee all right, title and interest of the Assignor in the units of Equipment in the Group, warranting to the Assignee that at the time of delivery of such units under the Conditional Sale Agreement the Assignor had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than any Permitted Encumbrances; other

than those created by any general mortgage of the Railroad; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); warranting to the Assignee that on the date of such bill of sale such units were free of all claims, liens, security interests and other encumbrances created by any general mortgage of the Railroad which are prior or equal to the security interest of the Assignee in such units; and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by the Assignor under the Conditional Sale Agreement including Permitted Encumbrances and those created by any general mortgage of the Railroad;

(b) a Certificate or Certificates of Acceptance with respect to the units of Equipment in the Group, as contemplated by Article 3 of the Conditional Sale Agreement;

(c) an invoice of the Assignor for the units of Equipment in the Group for which settlement is then being made, in each case accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices stated therein and compliance with the definition of "Collateral Value" contained in the Finance Agreement with respect to such units;

(d) an opinion of counsel for the Railroad dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Railroad and the Assignor and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment and the Acknowledgement of Notice of Assignment (hereinafter called the "Acknowledgement") have been duly authorized, executed and delivered by the Assignor and Railroad and, assuming due authorization, execution and delivery of this Assignment by the Assignee, are legal, valid and binding instruments, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment and such units, at the time of delivery thereof to the Railroad under the Conditional Sale Agreement, were free from all claims, liens, security interests and other encumbrances (other than any Permitted

Encumbrances; other than those created by any general mortgage of the Railroad, all of which have been released; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the Conditional Sale Agreement, this Assignment or the Acknowledgement, or if any such approval is necessary, it has been obtained, (vii) the Conditional Sale Agreement and this Assignment with the Acknowledgement have been duly filed with the Interstate Commerce Commission in accordance with 49 U. S. C. § 11303 and, for the units of rolling stock in the Equipment, no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia, (viii) the Railroad is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Railroad has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Railroad has all requisite power and authority to own its properties and to carry on its business as now conducted, (ix) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Railroad adversely relating to or affecting the execution and delivery by the Railroad of the Conditional Sale Agreement, the Finance Agreement, or the Acknowledgement or the enforceability thereof in accordance with their terms or requiring any approval of its stockholders in respect thereof, (x) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement, the Acknowledgement and this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any agreement or instrument to which the Railroad is now a party or by which it is bound and (xi) the Railroad has in the negotiation, execution and delivery of the Conditional Sale Agreement, the Finance Agreement, the Acknowledgement and this Assignment complied in all respects with the competitive bidding requirements of 15 U.S.C. Section 20 and the regulations prescribed by the Interstate Commerce Commission in 49 C.F.R. Part 1010;

(e) an opinion of counsel for the Assignor, dated as of such Closing Date, to the effect that (i) the Assignor is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Assignor has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Assignor has all requisite power and authority to own its properties and to carry on its business as now conducted, (ii) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (iii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Railroad, is a legal and valid instrument binding upon the Assignor and enforceable against the Assignor in accordance with its terms, (iv) this Assignment has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Assignee, is a legal and valid instrument binding upon the Assignor, (v) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (vi) the bill of sale referred to in subparagraph (a) of this Section 4 has been duly authorized, executed and delivered by the Assignor and is valid and effective to transfer the security interest of the Assignor in and to the units of Equipment to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than any Permitted Encumbrances, other than those created by the Conditional Sale Agreement and other than the rights of the Assignee under this Assignment) arising from, through or under the Assignor, (vii) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Assignor adversely relating to or affecting the execution and delivery by the Assignor of the Conditional Sale Agreement, the Finance Agreement and this Assignment or the enforceability thereof and hereof in accordance with their terms or requiring any approval of its stockholders in respect thereof or hereof, and (viii) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement or this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of

the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any instrument to which the Assignor is now a party or by which it is bound; and

(f) a certificate of an officer of the Railroad dated as of such settlement date, to the effect that no event of default, or event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and is then continuing and no tax liens (including, without limitation, tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment.

In giving the opinions specified in subparagraphs (d) and (e) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in clause (v) of subparagraph (d) and clause (vi) of subparagraph (e), insofar as they relate to title being vested in the Assignor free of all claims, liens, security interests and other encumbrances at the time of acquisition thereof by the Assignor, counsel may rely (A) with respect to a vendor to the Assignor which is either the Railroad or one of its subsidiaries, upon a certificate of an authorized officer of the Railroad setting forth the agreements and instruments, if any, to which the Equipment (or any interest therein) had been subject immediately prior to and at the time of such acquisition, provided that such counsel states that he has examined such certificate and, based upon his experience as counsel to the Railroad and its subsidiaries he believes that he is justified in relying on such certificate and, (B) as to vendors to the Assignor other than the Railroad or any of its subsidiaries, solely upon the warranties and representations made by such vendors to the Assignor in their bills of sale to the Assignor and upon any opinions of counsel for such vendors.

The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (d) or (e) of Article 16 of the Conditional Sale Agreement or if any other event of default, or any event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and be continuing under the

Conditional Sale Agreement. In the event that the Assignee shall not make payment for the Group, the Assignee shall reassign to the Assignor, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment.

SECTION 5. The Assignee may assign all or any of its rights under the Conditional Sale Agreement, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. The Assignor hereby:

(a) represents and warrants to the Assignee, its successor and assigns, that the Conditional Sale Agreement was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Railroad, the Conditional Sale Agreement is, in so far as the Assignor is concerned, a legal, valid and existing agreement binding upon it and the Railroad in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, successors and assigns, it will, subsequent to payment by the Assignee to such Assignor of the amounts required to be paid under Section 4 hereof, execute any and all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Assignor therein or in the Equipment.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the Conditional Sale Agreement.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Railroad, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively the date or dates stated in the acknowledgments hereto annexed.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

NORTH WESTERN LEASING COMPANY


By 
Vice President

[CORPORATE SEAL]

ATTEST:


ASSISTANT SECRETARY

LA SALLE NATIONAL BANK


By 
Vice President

[CORPORATE SEAL]

ATTEST:


SENIOR VICE PRESIDENT

ATTEST:


ASSISTANT SECRETARY

STATE OF ILLINOIS)
COUNTY OF COOK) SS.:

On this 21st day of September, 1987, before me personally appeared T.A. Tingloff, to me personally known, who, being by me duly sworn, says that he is a Vice President of NORTH WESTERN LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Lisa M. Fanelli
Notary Public

My Commission expires
2-19-1990

STATE OF ILLINOIS)
COUNTY OF COOK) SS.:

On this 21st day of September, 1987, before me personally appeared Ernest B. Lane, to me personally known, who, being by me duly sworn, says that he is a Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Betty Ann Lane
Notary Public

[Notarial Seal]

My Commission expires 12-25-88

FA-475(4*)

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By 
Vice President

CONDITIONAL SALE AGREEMENT

Dated as of September 15, 1987

between

NORTH WESTERN LEASING COMPANY

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of September 15, 1987, between NORTH WESTERN LEASING COMPANY, a Delaware corporation (hereinafter called the "Seller" or the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called the "Railroad").

WHEREAS, the Seller has agreed to supply, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the equipment described in Schedule A hereto (hereinafter called the "Equipment");

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1 Assignment; Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment or which are not vested in any assignee or assignees until satisfaction of conditions contained in such assignment. The term "Seller", whenever used in this Agreement, means, both before and after any such assignment, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its respective properties and businesses.

ARTICLE 2. Sale. Pursuant to this Agreement, the Seller will sell and deliver to the Railroad, and the Railroad will purchase from the Seller and accept delivery of and pay for (as hereinafter provided), all of the Equipment. Each unit of the Equipment shall conform to the specifications applicable thereto, including such modifications thereof as may be agreed upon in writing between the Seller and the Railroad (which specifications, with such modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of Equipment shall, on the date of delivery thereof to the Railroad, in each case conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to equipment of the character of such units of the Equipment.

ARTICLE 3. Delivery. The Seller will deliver the units of Equipment to the Railroad, with freight charges prepaid, at the place or places specified by the Railroad.

Upon delivery of each unit or of a number of units of the Equipment, if each such unit conforms to the Specifications, requirements and standards applicable thereto, an authorized representative of the Railroad shall execute and deliver to the Seller a certificate of acceptance (hereinafter called the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Railroad. The Railroad's execution and delivery of a Certificate of Acceptance shall conclusively establish that such Equipment is acceptable to and accepted by the Railroad, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Equipment is, insofar as this Agreement is concerned, in good order and condition and appears to conform with the Specifications. By execution and delivery of such Certificate of Acceptance, the Railroad represents that it has no knowledge of any such defect.

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit. Any unit of Equipment not delivered, accepted and settled for on or prior to June 15, 1988 (hereinafter called the "Cut-Off Date") shall be excluded from this Agreement and from the term "Equipment" as used herein, and the Railroad shall be relieved of its obligation to purchase and pay for any such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule A hereto, and shall be subject to such increase or decrease as is agreed to by the Seller and the Railroad. The term "Purchase Price" as is used herein shall mean the base price or prices of the Equipment as so increased or decreased, as set forth in the Seller's invoice or invoices delivered to the Railroad.

For the purpose of settlement therefore, the Equipment shall be divided into such number of groups of units (each such group being hereinafter called a "Group") as the Seller and the Railroad may agree to. The term "Closing Date" with respect to any Group shall mean such date not later than the Cut-Off Date (as defined in Article 3), occurring not more than ten Business Days following presentation by the Seller to the Railroad of an invoice for the Purchase Price of such Group, as shall be fixed by the Railroad by written notice delivered to the Vendor at least four Business Days prior to the Closing Date designated therein. The term "Business Day or Days" shall have the same meaning as defined in the Finance Agreement dated as of

June 15, 1987, as amended from time to time (the "Finance Agreement") among the Railroad, the Seller and La Salle National Bank (the "Assignee").

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

- (a) on the Closing Date for each Group, an amount equal to at least 20% of the Purchase Price of all units of Equipment in such Group.
- (b) in 40 consecutive equal (except for appropriate adjustment of the final installment in case the amount payable pursuant to this subparagraph (b) shall not, when divided by 40, result in an amount ending in an integral cent) quarter-annual installments, as hereinafter provided, an amount equal to the aggregate of the Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the "Conditional Sale Indebtedness").

The installments of the Conditional Sale Indebtedness shall be payable quarter-annually on September 15, December 15, March 15 and June 15 in each year commencing on September 15, 1988 to and including June 15, 1998. The unpaid Conditional Sale Indebtedness shall bear interest, from the Closing Date for each Group at a rate per annum equal to the Applicable Rate as determined from time to time in accordance with the Finance Agreement. Such interest shall be payable quarterly on the fifteenth day of March, June, September and December in each year commencing the first such date after the Closing Date (such dates being hereinafter called the "Interest Payment Dates").

All payments of principal and interest due under this Agreement shall be made in immediately available funds on or before noon, Chicago time, on the date due; and funds received after that hour shall be deemed to have been received on the next business day. If any such payment of principal or interest shall become due on other than a Business Day, such payment shall be made on the next Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment. All interest under this Agreement shall be calculated in accordance with the Finance Agreement.

The Railroad will pay upon demand to the extent legally enforceable interest at the rate prescribed in Section 3.6 of

the Finance Agreement on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

The Railroad shall have the privilege of prepaying the Conditional Sale Indebtedness or any installment thereof, at any time, without penalty or premium but with such additional amounts as are required by Sections 4.3 and 4.12 of the Finance Agreement, and each such prepayment shall be applied to reduce installments in the inverse order of maturity thereof. The Railroad shall pay simultaneously with any prepayment pursuant to this paragraph all unpaid interest, if any, on the amount then to be prepaid, but only to the extent accrued to the date of prepayment.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Railroad, the assignee thereof may request the Railroad to make and the Railroad shall make such payments to it at such address as shall be supplied to the Railroad by the assignee.

ARTICLE 5. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expenses to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], excess profits and similar taxes) or license or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, use, payment, shipment, delivery or transfer of title or other disposition under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "impositions"), all of which impositions the Railroad assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, the Railroad will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its interest therein (except as provided above) and will keep at all times all and every part of the Equipment

free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Railroad shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Railroad shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor believes in its reasonable opinion that it shall have been legally liable with respect thereto (as evidenced, if the Railroad so requests, by an opinion of counsel for the Vendor, the reasonable fees and out-of-pocket expenses of which counsel shall be paid by the Railroad) or unless the Railroad shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Seller and the Railroad may enter into other conditional sale agreements or may enter into leases for the purchase or lease by the Railroad of railroad equipment, and the Railroad and the Seller may cause Assignee, pursuant to the Finance Agreement to acquire by assignment from the Seller its interest in such equipment and conditional sale agreements, or to make loans to the Seller secured by security agreements and the leased equipment described therein (such Finance Agreement, conditional sale agreements, leases and security agreements being hereinafter called the "Related Agreements"). In consideration for the Seller's entering into this Agreement and each of the Related Agreements to which it is a party, and for the Assignee's entering into the related assignments and making loans to the Seller in respect of the leased equipment, the Railroad agrees that the Equipment shall be security for the indebtedness and other obligations of the Railroad and the Seller under all the Related Agreements, and the Railroad does hereby grant to the Seller prior to any assignment of this Agreement to the Assignee and to the Assignee after such assignment (the grantee being in each such case defined as the "Vendor" as provided in Article 1 hereof) a continuing security interest in the Equipment to secure the payment of the indebtedness and performance of the obligations of the Railroad and the Seller, as the case may be, under each Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Railroad or the Seller is indebted to the Vendor under any Related Agreement at any time after the Railroad shall have paid under this Agreement the full indebtedness in

respect of the Purchase Price of all units of the Equipment, and any such unit suffers a Casualty Occurrence (as defined in Article 8 hereof) or is disposed of by the Railroad in the ordinary course of business, no deposit, prepayment or additional security shall be required under Article 8 or under any Related Agreement or otherwise, and, provided there is then no existing default under any Related Agreement, the Vendor's security interest in such unit shall be deemed to be terminated and released upon such disposition or occurrence and absolute right to the possession of, title to, and property in such unit shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Railroad and at the Railroad's expense, will execute and deliver to the Railroad or the Railroad's vendee or nominee, a bill of sale (without warranties) for such unit, and such other documents as may be necessary or appropriate to make clear upon the public records the release of the security interest of the Vendor in such unit.

The Vendor shall and hereby does retain a continuing security interest in the Equipment until the Railroad and the Seller shall have made all their payments and shall have kept and performed all their agreements and obligations under this Agreement and under the Related Agreements, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment (except additions that are not required by Article 9 hereof and that are readily removable without causing material damage to the unit) and any and all replacements of the Equipment and of parts thereof and additions thereto (except as provided above) shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in this Article 6 and in Article 8 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment and in respect of the price of the equipment described in the Finance Agreement and the Related Agreements, together with interest and all other payments as herein and in the Finance Agreement and the Related Agreements provided, shall have been paid, and all the Railroad's and the Seller's obligations herein and in the Finance Agreement and the Related Agreements contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad and at the Railroad's expense at that time will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Railroad, or upon its order (such bill of sale to be without

warranty except that the Equipment is free of all liens, security interests and other encumbrances created or retained hereby), and deliver such bill or bills of sale to the Railroad at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

ARTICLE 7. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will, on and after the Cut-Off Date, cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or the name of the Vendor followed by the words "Agent, Owner", or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Railroad will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 8. Casualty Occurrences. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, or, in the opinion of the Railroad, shall no longer be economically useful to the Railroad, or shall be irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Agreement (such occurrence being hereinafter called "Casualty Occurrences"), the Railroad shall promptly and fully inform the Vendor in regard thereto (after it has knowledge of such Casualty Occurrence). The Railroad shall, on the next date for the payment of an installment of Conditional Sale Indebtedness or interest hereunder occurring thirty (30) days after it has knowledge of such event, pay to the Vendor a sum equal to the aggregate Casualty Value (as defined herein) of such units of the Equipment as of the date of payment (or the sum provided for in third paragraph of this Article 8 in the event the Railroad makes such payment pursuant to said third paragraph) and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall, as the Railroad may direct in a written instrument filed with the Vendor, be applied (so long as no event of default shall have occurred and be continuing), in whole or in part, to prepay installments of Conditional Sale Indebtedness or toward the cost of a new or used unit or units of equipment in good condition and complying with all the provisions of the fifth paragraph of Article 9 hereof to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life at least as long as that which the unit being replaced would have had but for the Casualty Occurrence.

So long as no event of default shall have occurred and be continuing, the Railroad may pay to the Vendor in lieu of the aggregate Casualty Value required to be paid on the payment date pursuant to the provisions of the first paragraph of this Article 8, a sum equal to the Conditional Sale Indebtedness as of the date of such payment in respect of the Purchase Price of the units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment previously shall have been made to the Vendor pursuant to this Article 8), and such sum shall be applied by the Vendor on the payment date to prepay Conditional Sale Indebtedness. The Conditional Sale Indebtedness in respect of such units as of the date of payment is equal to the aggregate unpaid Conditional Sale Indebtedness as of that date multiplied by the fraction having for its numerator the original Purchase Price of such units and for its denominator the original Purchase Price of all the Equipment.

In case any money is applied to prepay indebtedness, it shall be so applied to reduce installments thereafter falling due in the inverse order of maturity.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence (including a replacement unit) shall be deemed to be the Purchase Price of such unit (or cost thereof in the case of a replacement unit) less an amount representing (as of the date that the Railroad determines that such unit suffered a Casualty Occurrence) depreciation on such unit at the rate of 7% per annum for units of rolling stock, but in no event shall the Casualty Value be less than the Conditional Sale Indebtedness in respect of such unit as of the date that the Railroad determines that such unit suffered a Casualty Occurrence.

The Railroad will cause any replacement unit or units to be marked as provided in Article 7 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by the second paragraph of Article 12 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Agreement. All such replacement units shall be warranted by the Railroad or third parties in like manner as is customary at the time for similar equipment.

Whenever the Railroad shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file therewith:

- (1) a certificate of a Vice President, an Assistant Vice President, or the Controller or Chief Accounting Officer of the Railroad certifying as to the matters hereinabove set forth in this Article 8; and

- (2) an opinion of Counsel for the Railroad that the Vendor has a valid and perfected security interest in such replacement unit, free and clear from all claims, liens, security interests and other encumbrances except the rights of the Railroad under this Agreement, that such unit has come under and become subject to this Agreement and that all necessary filings and recordings have been made to perfect the security interest of the Vendor therein.

So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of or bankers' acceptances accepted by, domestic commercial banks in the United States of America having capital and surplus in excess of \$50,000,000 in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called "Investments"). Any such obligations may from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If one or more events of default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad and at the Railroad's expense, after payment by the Railroad of a sum equal to (A) the lesser of (i) the Casualty Value of such equipment, or (ii) the amount provided for in the third paragraph of this Article 8, plus (B) any cost and expenses of the Vendor in connection with such sale for which the Vendor is to be reimbursed hereunder, execute and deliver to the Railroad or the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

ARTICLE 9. Insurance, Maintenance, Compliance with Laws and Rules. The Railroad will, at all times during the term of this Agreement, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to Railroad's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Railroad in respect of similar equipment owned by it. The Railroad will deliver on the Closing Date and annually thereafter on or before May 31, certificates (or verifications) of insurance from the Railroad's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Article. The Railroad will cause the Vendor to be named as additional insured. All policies evidenced by certificates of insurance shall contain an agreement of the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Vendor in the event of nonpayment of premium by the Railroad when due.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Railroad or condemnation payments received by the Vendor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Railroad to the Vendor in respect of Casualty Occurrences pursuant to Article 8. If the Vendor shall receive any such net insurance proceeds or condemnation payments and the Railroad already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Vendor shall pay such net insurance proceeds or condemnation payments to the Railroad; provided, however, that if an event of default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an event of default shall have occurred and be continuing, then the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad under this Agreement and the Related Agreements. All net insurance proceeds (excluding public liability insurance) received by the Vendor or the Railroad with respect to a unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such unit, but no such proceeds shall be paid to the Railroad until the Vendor shall have received a certificate signed by an authorized officer of the Railroad to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Railroad unless an Event of the Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad hereunder and the Related Agreements.

The Vendor shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Vendor to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

The Railroad will, at all times during the term of this Agreement, maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense. The Railroad also agrees only to use the Equipment in the manner for which it was designed and intended. Without limiting the foregoing, the Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in condition suitable for use in interchange if and to the extent permitted by the Interchange Rules of the Association of American Railroads, all at the Railroad's expense. Any parts installed or replacements made by the Railroad to comply therewith shall be considered accessions and immediately subject to the security interest granted by this Agreement without further act. The Railroad shall make no other additions or improvements to the Equipment unless the same are readily removable without causing material damage to such Equipment or, if not readily removable, the same do not decrease the value, or modify the intended and permitted uses, of the Equipment. Title to any readily removable non-mandatory additions or improvements shall remain with the Railroad free of any security interest hereunder, but additions or improvements which are not readily removable shall without further act be immediately subject to the security interest granted by this Agreement.

During the term of this Agreement the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 10. Reports and Inspections. On or before April 30 in each year, commencing in 1988, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have been withdrawn from use pending repairs (other than running repairs) (such units being hereinafter called the "Bad Order Units") or that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, and (c) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. If, as set forth in such statement, the number of Bad Order Units withdrawn from use as of the date of such statement (giving effect to repairs made on or prior to that date) exceeds the number equal to 5% of all the units of the Equipment, then the Bad Order Units in excess of such number shall be identified by the Railroad in such statement and shall be deemed to have suffered a Casualty Occurrence on the date of such statement, and payment therefor shall be made as provided in Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 11. Possession and Use. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that such possession and use of rolling stock units of equipment shall be upon the lines of railroad owned or operated by the Railroad either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, from and after delivery of the Equipment by the Seller to the Railroad, but only upon and subject to all the terms and conditions of this Agreement. The Railroad shall not, without the prior written consent of the Vendor (which consent will not be unreasonably withheld), have the right to lease the Equipment or any unit thereof; provided, however, that the Railroad shall have the right to lease the Equipment or any unit thereof to any railroad organized under the laws of the United States of America or any state thereof or the District of Columbia

without the Vendor's consent if such lease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Agreement. Any lease and the rights of the Lessee thereunder shall in all events be expressly subject and subordinate to this Agreement and the rights and interests of the Vendor and its successors and assigns hereunder. The Railroad shall, promptly upon entering into any lease, furnish to the Vendor a written statement setting forth the amount, description and number of the units of the Equipment being leased and attaching a copy of the lease. In no event shall any assignment or lease entered into by the Railroad relieve the Railroad of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained herein to the contrary notwithstanding, the Railroad shall at no time while this Agreement is in effect assign or permit the assignment of any unit of Equipment to, or use or permit the use by any assignee or lessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

ARTICLE 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any person from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement and shall become obligations of the Railroad and/or the Seller, as the case may be, to the Bank hereunder.

This covenant will not be deemed breached by reason of (i) liens for taxes, assessments or governmental charges or levies, in each case, not due and delinquent, or (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, or (iii) liens for taxes, assessments or governmental charges or levies, in each case, due and delinquent, or (iv) determined or not inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business, in each case, delinquent; provided, however, that in the case of a lien described in the foregoing clauses (iii) or (iv) the validity of such lien is being contested in good faith by appropriate legal proceedings and such lien does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement.

The liens, claims and encumbrances permitted by this Article 12 are hereinafter collectively referred to as the "Permitted Encumbrances."

ARTICLE 13. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and costs, charges, and expenses in connection therewith, including reasonable counsel fees, arising out of (i) retention by the Vendor of a security interest in the Equipment, (ii) the use and operation, or the maintenance, repair or replacement, thereof by the Railroad during the period when said security interest remains in the Vendor, (iii) the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, (iv) without limiting the foregoing, the construction, reconstruction, possession, purchase, delivery, installation, ownership, leasing, return, sale or other disposition of the Equipment, (v) the condition of the Equipment at any time, (vi) the acts or omissions to act of the Railroad, whether for itself or as agent or attorney-in-fact for the Vendor hereunder or under any Related Agreement, or (vii) claims for negligence or strict liability in tort relating to the Equipment. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 14. Patent Indemnities, Warranty of Material and Workmanship. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against any and all losses, damages, liabilities, claims, demands, costs, charges and expenses including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, its assigns because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

ARTICLE 15. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent, not to be unreasonably withheld, of the Vendor. A sale, assignment, transfer, disposition or lease to a railroad company organized under the laws of the United States of America or any of the States thereof or other purchaser or lessee which shall acquire or lease all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument

satisfactory to the Vendor, shall assume and agree to perform each of, and all, the obligations and covenants of the Railroad under this Agreement, or an assignment by the Railroad to one of its wholly-owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Railroad (with binding effect upon successors of the Railroad) agrees not to be released as a primary obligor for the payment of principal and interest when due and payable (whether by acceleration or otherwise) on indebtedness outstanding under this Agreement on the date of such sale, assignment, transfer or disposition.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Seller from, any of the obligations of the Seller to sell and deliver the Equipment in accordance with this Agreement or to respond to its obligations and warranties hereunder, or relieve the Railroad of any of its obligations to the Seller which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Railroad recognizes that it is the custom of railroad equipment sellers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any defect

in the Seller's title to, or any interruption from whatsoever cause in the use, operation, or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment, or any part thereof, or by reason of any other indebtedness, howsoever and whenever arising, of the Seller, to the Railroad or to any other person, firm, or corporation or to any governmental authority, or any breach of any obligation of the Seller with respect to the Equipment or the manufacture, construction, delivery, repair or warranty thereof, or from any other cause whatsoever, it being the intent hereof that the Railroad shall be unconditionally and absolutely obligated to pay the Vendor all of the amounts which are the subject of its assignment. Any and all obligations of the Seller, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Seller.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee or prior to the date for settlement, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days after written notice thereof from the Vendor; or

(b) the Railroad or the Seller shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of the Finance Agreement or of the Related Agreements referred to in Article 6 hereof, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance and such failure shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof; or

(c) any representation or warranty on the part of the Railroad or the Seller made herein, in the Finance Agreement, in any Related Agreement or in any of the other operative agreements with respect hereto or thereto or in any statement or certificate furnished to the Vendor or its assigns pursuant

to or in connection with this Agreement, the Finance Agreement, any Related Agreements, or any of the other operative agreements with respect hereto or thereto is untrue in any material respect as of the date of issuance or making thereof, and, in the case of representations or warranties set forth in paragraphs 2, 4, or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Vendor; or

(d) a case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Railroad and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within 60 days after such case shall have been commenced, (A) all the obligations of the Railroad under this Agreement shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as obligations incurred by such trustee or trustees which are entitled to payment as administrative expenses pursuant to 11 U.S.C. 507(a)(1) (as such section is now in effect or hereafter may be amended or replaced) and (B) all events of default under subparagraphs (a), (b) or (f) of this Article 16 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other events of default under subparagraphs (a), (b) or (f) of this Article 16 which from time to time occur hereunder; or

(e) any other case or proceedings shall be commenced by or against the Railroad for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or the Board of Directors of the Railroad shall authorize the commencement of any such other case or proceedings, and, if any such case or proceedings have been commenced against the Railroad, such case or proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such case or proceedings shall have commenced; or the Railroad shall make an assignment for the benefit of creditors; or the Railroad admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such

admission, inability or failure shall continue for 30 days after notice thereof from the Vendor; or a trustee, custodian or receiver is appointed for the Railroad or for a major part of the property thereof and is not discharged within 60 days after such appointment; or

(f) the Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such unit (or make provision satisfactory to the Vendor for such compliance) within 15 days after written notice from the Vendor demanding such cancellation and recovery of possession;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Without limiting the other rights of the Vendor, the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services, and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor and (b) the Equipment to be moved to such interchange point or points of the Railroad as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad and, at the Railroad's risk, to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (whether before or after taking possession of the Equipment as hereinbefore this Article 17 provided) may at its election and upon such notice as is hereinafter set

forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days for the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon not less than 15 days' notice to the Railroad and to any other persons to whom the law may require notice of the time and place and upon any other notice which may be required by law, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at a public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due

under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than 15 days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 21 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at a cash price at least equal to the amount described in the proviso to the first sentence of the foregoing paragraph. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor the per diem interchange applicable (if any) for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise

any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Railroad at the rate per annum set forth in Article 4 hereof, applicable to amounts remaining unpaid after becoming due and payable. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be applied to any sum due under the Related Agreements, in such order as the Vendor may elect, and if any further surplus remains it shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any

kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 19. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U. S. C., §11303; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Railroad will pay all reasonable costs and expenses (including the reasonable fees and expenses of counsel for the Seller and the first assignee incident to this Agreement and the first assignment of this Agreement and any instrument supplemental or related hereto or thereto.

ARTICLE 21. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) to the Railroad, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Assistant Vice President-Finance;

(b) to the Seller, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Assistant Vice President, Finance and

(c) to the La Salle National Bank as assignee of the Vendor at 135 South La Salle Street, Chicago, Illinois 60603, attention Joseph Lane, Vice President, or such address as may have been furnished in writing to each of the other parties hereto by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and the Railroad.

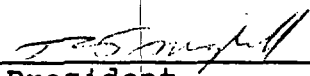
ARTICLE 23. Law Governing. The Railroad warrants that its chief place of business and its chief executive officers are located in the state specified in clause (a) of Article 21 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by 49 U. S. C. §11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

THE RAILROAD ACKNOWLEDGES INSOFAR AS THE VENDOR IS CONCERNED THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, THE EQUIPMENT IS SOLD AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (i) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY UNIT OR UNITS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, OR (ii) ANY OTHER MATTER WHATSOEVER IT BEING UNDERSTOOD AND AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY THE RAILROAD.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By 
Vice President

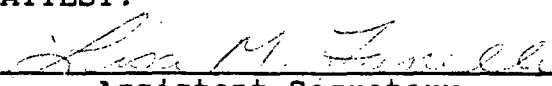
[Corporate Seal]

ATTEST: 
Assistant Secretary

NORTH WESTERN LEASING COMPANY

By 
Vice President

[Corporate Seal]

ATTEST: 
Assistant Secretary

State of Illinois,
County of Cook,

)
) SS:

On this 21st day of T.A. Tingleff, before me personally appeared T.A. Tingleff, to me personally known who, being by me duly sworn, says that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jaime P. Delgado
Notary Public

[Notarial Seal]

My Commission expires: ~~My Commission Expires~~ Mar. 3, 1990

STATE OF ILLINOIS,
COUNTY OF COOK,

)
) SS:

On this 21st day of September, 1987, before me personally appeared T.A. Tingleff, to me personally known, who, being by me duly sworn says that he is a Vice President of NORTH WESTERN LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jaime P. Delgado
Notary Public

[Notarial Seal]

My Commission expires ~~My Commission Expires~~ Mar. 3, 1990

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CGW 10302	\$ 12,987
		CGW 10303	12,987
		CGW 10304	12,987
		CGW 10306	12,987
		CGW 10307	12,987
		CGW 10309	12,987
		CGW 10310	12,987
		CGW 15000	18,639
		CNW 91503	11,649
		CNW 91504	11,649
		CNW 91507	11,649
		CNW 91508	11,649
		CNW 91513	11,649
		CNW 91514	11,649
		CNW 91515	11,649
		CNW 91519	11,649
		CNW 91522	11,649
		CNW 91524	11,649
		CNW 91525	12,446
		CNW 91526	12,446
		CNW 91529	12,446
		CNW 91530	12,446
		CNW 91532	8,830
		CNW 91534	12,446
		CNW 91538	12,446
		CNW 91541	17,342
		CNW 91542	14,180
		CNW 91544	14,963
		CNW 91545	14,963
		CNW 91547	17,304
		CNW 91548	17,304
		CNW 91551	15,914
		CNW 91583	22,639
		CNW 91585	21,670
		CNW 91588	21,167
		CNW 92090	33,765
		CNW 92091	34,368
		CNW 92092	31,342
		CNW 92093	31,342
		CNW 92094	31,631
		CNW 92095	31,631
		CNW 92096	31,631
		CNW 92097	31,631
		CNW 92098	31,631
		CNW 92099	31,631
		CNW 92100	31,631
		Subtotal	\$839,224

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CNW 92101	\$ 31,631
		CNW 92102	31,631
		CNW 92103	31,631
		CNW 92104	31,631
		CNW 92105	32,331
		CNW 92106	32,331
		CNW 92107	31,631
		CNW 92108	31,631
		CNW 92109	31,631
		CNW 92110	31,631
		CNW 92111	31,631
		CNW 92114	31,631
		CNW 92115	31,631
		CNW 92116	31,631
		CNW 92117	31,631
		CNW 92118	31,631
		CNW 92119	31,631
		CNW 150109	21,569
		CNW 152034	16,036
		CNW 153103	15,718
		CNW 160024	18,229
		CNW 160046	18,229
		CNW 160066	18,229
		CNW 160263	18,229
		Subtotal	\$ 665,366
121	50-Foot Box Cars	CGW 10312	\$ 12,987
		CGW 10313	12,987
		CGW 10316	12,987
		CGW 10317	12,987
		CGW 10321	13,139
		CGW 10323	13,139
		CGW 10324	13,139
		CGW 10326	13,139
		CGW 10327	13,139
		CGW 10330	13,139
		CGW 10331	13,139
		CGW 10332	13,139
		CGW 10333	13,139
		CGW 10334	13,139
		CGW 10336	13,139
		CGW 10338	13,139
		CGW 10340	13,139
		CGW 10342	13,139
		CGW 10343	13,139
		CGW 10344	13,139
		CGW 10345	13,139
		CGW 10346	13,139
		CGW 10347	13,139
		CGW 10350	13,139
		CGW 10352	12,987
		CGW 10354	12,987
		Subtotal	\$ 340,702

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars	CGW 10355	\$ 12,987
		CGW 10359	13,139
		CGW 10360	13,139
		CGW 10362	13,139
		CGW 10366	13,139
		CGW 10368	13,139
		CGW 10369	13,139
		CGW 10378	13,139
		CGW 10379	13,139
		CGW 10380	13,139
		CGW 10381	13,139
		CGW 10383	13,139
		CGW 10384	13,139
		CGW 10385	13,139
		CGW 10386	13,139
		CGW 10388	13,139
		CGW 10389	13,139
		CGW 10390	13,139
		CGW 10391	13,139
		CGW 10392	13,139
		CGW 10393	13,139
		CGW 10394	13,139
		CGW 10395	13,139
		CGW 10397	13,139
		CGW 10399	13,139
		CGW 10400	13,139
		CNW 160318	18,229
		CNW 160371	18,391
		CNW 160380	18,391
		CNW 160917	18,320
		CNW 160947	18,320
		CNW 160995	18,320
		CNW 161041	17,997
		CNW 161114	17,997
		CNW 161188	17,997
		CNW 161309	18,159
		CNW 161310	18,159
		CNW 161313	17,997
		CNW 161314	17,997
		CNW 161315	17,997
		CNW 161317	18,159
		CNW 161319	17,997
		CNW 161320	18,159
		CNW 161321	18,159
		CNW 161323	18,159
		CNW 161325	18,159
		CNW 161326	17,997
		CNW 161327	18,159
		CNW 161330	18,159
		CNW 161331	17,997
		Subtotal	\$ 776,837

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars (continued)	CNW 161332	\$ 18,159
		CNW 161334	17,997
		CNW 161335	18,159
		CNW 161336	17,997
		CNW 161339	17,997
		CNW 161340	18,159
		CNW 161342	18,159
		CNW 161343	18,159
		CNW 161344	18,159
		CNW 161349	18,159
		CNW 161350	18,159
		CNW 161352	18,159
		CNW 161354	18,159
		CNW 161356	17,997
		CNW 161358	18,159
		CNW 161360	18,159
		CNW 161367	18,159
		CNW 161368	18,159
		CNW 161370	18,159
		CNW 161371	18,159
		CNW 161373	18,159
		CNW 161374	18,159
		CNW 161377	18,159
		CNW 161378	18,159
		CNW 161381	18,159
		CNW 161385	18,159
		CNW 161387	18,159
		CNW 161388	18,159
		CNW 161390	18,159
		CNW 161392	18,159
		CNW 161393	18,159
		CNW 161394	18,159
		CNW 161395	18,159
		CNW 161396	18,159
		CNW 161416	18,159
		CNW 161450	18,159
		CNW 161457	18,159
		CNW 161458	18,159
		CNW 161490	18,159
		CNW 161523	18,159
		CNW 161588	18,159
		CNW 161601	18,159
		CNW 161786	18,320
		CNW 161851	18,320
		CNW 161859	18,320
			\$ 816,990

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
14	Gondolas	CNW 39511	\$ 18,845
		CNW 39601	22,338
		CNW 39605	22,338
		CNW 39609	22,338
		CNW 39611	22,338
		CNW 39612	22,338
		CNW 39618	22,338
		CNW 39622	22,338
		CNW 39625	22,338
		CNW 39627	22,338
		CNW 39637	22,528
		CNW 39641	22,528
		CNW 132478	14,368
		CNW 132563	14,467
		Subtotal	\$ 293,778
2	Heavy Duty Flat Cars	CNW 48013	\$ 35,802
		CNW 48015	35,802
		Subtotal	\$ 71,604
157	Covered Hoppers	CNW 170500	\$ 15,917
		CNW 170501	15,917
		CNW 170502	15,917
		CNW 170505	15,917
		CNW 170508	15,917
		CNW 170509	15,917
		CNW 170511	15,917
		CNW 170515	15,917
		CNW 170523	13,182
		CNW 170524	13,182
		CNW 170525	15,917
		CNW 170527	13,182
		CNW 170532	15,917
		CNW 170533	13,182
		CNW 170534	15,917
		CNW 170535	15,917
		CNW 170536	15,917
		CNW 170537	13,182
		CNW 170538	15,917
		CNW 170541	15,917
		CNW 170542	15,917
		CNW 170544	15,917
		CNW 170545	15,917
		CNW 170546	15,917
		Subtotal	\$ 368,333

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170550	\$ 15,917
		CNW 170552	15,917
		CNW 170555	15,917
		CNW 170557	15,917
		CNW 170558	15,917
		CNW 170561	15,917
		CNW 170563	15,917
		CNW 170564	15,917
		CNW 170565	15,917
		CNW 170568	15,917
		CNW 170570	15,917
		CNW 170573	15,917
		CNW 170574	16,084
		CNW 170575	15,917
		CNW 170578	16,084
		CNW 170579	16,084
		CNW 170586	13,340
		CNW 170587	16,084
		CNW 170590	16,084
		CNW 170592	16,084
		CNW 170593	16,084
		CNW 170596	16,084
		CNW 170597	16,084
		CNW 170598	16,084
		CNW 170601	16,084
		CNW 170603	13,340
		CNW 170604	16,084
		CNW 170610	16,084
		CNW 170611	16,084
		CNW 170613	16,084
		CNW 170614	16,084
		CNW 170615	16,084
		CNW 170616	16,084
		CNW 170618	16,084
		CNW 170619	16,084
		CNW 170620	13,340
		CNW 170621	16,084
		CNW 170623	16,084
		CNW 170624	16,084
		CNW 170625	16,084
		CNW 170626	16,084
		CNW 170627	16,084
		CNW 170628	16,084
		CNW 170632	16,084
		CNW 170639	16,084
		CNW 170642	16,084
		CNW 170644	16,084
		CNW 170648	16,084
		CNW 170651	16,084
		CNW 170653	16,084
		Subtotal	\$ 793,797

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170655	\$ 16,084
		CNW 170656	16,084
		CNW 170658	16,084
		CNW 170662	16,084
		CNW 170666	16,084
		CNW 170667	16,084
		CNW 170669	16,084
		CNW 170671	16,084
		CNW 170673	16,084
		CNW 170682	16,084
		CNW 170684	16,084
		CNW 170693	13,340
		CNW 170694	16,084
		CNW 170695	16,084
		CNW 170698	16,084
		CNW 170699	16,084
		CNW 170701	16,084
		CNW 170702	16,084
		CNW 170705	16,084
		CNW 170707	16,084
		CNW 170713	16,084
		CNW 170714	16,084
		CNW 170716	16,084
		CNW 170717	16,084
		CNW 170720	16,084
		CNW 170723	16,084
		CNW 170724	16,084
		CNW 170726	16,084
		CNW 170728	16,084
		CNW 170729	16,084
		CNW 170730	16,084
		CNW 170737	16,084
		CNW 170739	16,084
		CNW 170740	16,084
		CNW 170741	16,084
		CNW 170743	16,084
		CNW 170744	16,084
		CNW 170748	16,084
		CNW 170751	16,084
		CNW 170758	16,084
		CNW 170759	16,084
		CNW 170760	16,084
		CNW 170763	16,084
		CNW 170764	16,084
		CNW 170768	16,084
		CNW 170769	16,084
		CNW 170771	16,084
		CNW 170780	16,084
		CNW 170781	16,084
		CNW 170785	16,084
		Subtotal	\$ 801,456

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170788	\$ 16,084
		CNW 170789	16,084
		CNW 170790	16,084
		CNW 170791	16,084
		CNW 170792	16,084
		CNW 170793	14,247
		CNW 170794	14,247
		CNW 170796	13,340
		CNW 170798	13,340
		CNW 170800	16,084
		CNW 170802	13,340
		CNW 170803	16,084
		CNW 170804	16,084
		CNW 170805	16,084
		CNW 170806	16,084
		CNW 170809	14,247
		CNW 170811	16,084
		CNW 170812	16,084
		CNW 170816	14,247
		CNW 170822	14,247
		CNW 170824	14,247
		CNW 170825	11,600
		CNW 170829	14,247
		CNW 170832	14,247
		CNW 170833	14,247
		CNW 170835	11,937
		CNW 170841	14,247
		CNW 170842	14,247
		CNW 170843	14,247
		CNW 170844	14,247
		CNW 170848	14,247
		CNW 170851	14,247
		CNW 170853	14,247
		Subtotal	\$ 484,517
		GRAND TOTAL	\$6,252,604

I hereby certify that the Purchase Price for the CSA Equipment included as Collateral in this Schedule A has been determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads in effect as of September, 1987 and that such CSA Equipment was previously owned by the Railroad.



T. A. Tingleff
 Vice President-Finance

Date: *September 29, 1987*

CERTIFICATE OF ACCEPTANCE

TO: NORTH WESTERN LEASING COMPANY
LASALLE NATIONAL BANK

I, R. A. Jahnke, the duly authorized representative of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad") for the purpose of Section 4 of the Agreement and Assignment dated as of September 15, 1987 between NORTH WESTERN LEASING COMPANY (the "Seller") and LASALLE NATIONAL BANK (the "Assignee") and for the purpose of Article 3 of the Conditional Sale Agreement dated as of September 15, 1987 (the "Conditional Sale Agreement") between the Seller and the Railroad, DO HEREBY CERTIFY that the units of railroad equipment described in Schedule A attached hereto (the "Equipment") have been inspected on behalf of the Railroad and that all units of the Equipment were delivered to the Railroad under the Conditional Sale Agreement and have been accepted by me on behalf of the Railroad.



Authorized Representative
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CGW 10302	\$ 12,987
		CGW 10303	12,987
		CGW 10304	12,987
		CGW 10306	12,987
		CGW 10307	12,987
		CGW 10309	12,987
		CGW 10310	12,987
		CGW 15000	18,639
		CNW 91503	11,649
		CNW 91504	11,649
		CNW 91507	11,649
		CNW 91508	11,649
		CNW 91513	11,649
		CNW 91514	11,649
		CNW 91515	11,649
		CNW 91519	11,649
		CNW 91522	11,649
		CNW 91524	11,649
		CNW 91525	12,446
		CNW 91526	12,446
		CNW 91529	12,446
		CNW 91530	12,446
		CNW 91532	8,830
		CNW 91534	12,446
		CNW 91538	12,446
		CNW 91541	17,342
		CNW 91542	14,180
		CNW 91544	14,963
		CNW 91545	14,963
		CNW 91547	17,304
		CNW 91548	17,304
		CNW 91551	15,914
		CNW 91583	22,639
		CNW 91585	21,670
		CNW 91588	21,167
		CNW 92090	33,765
		CNW 92091	34,368
		CNW 92092	31,342
		CNW 92093	31,342
		CNW 92094	31,631
		CNW 92095	31,631
		CNW 92096	31,631
		CNW 92097	31,631
		CNW 92098	31,631
		CNW 92099	31,631
		CNW 92100	31,631
		Subtotal	<u>\$839,224</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
74	Equipped Box Cars	CNW 92101	\$ 31,631
		CNW 92102	31,631
		CNW 92103	31,631
		CNW 92104	31,631
		CNW 92105	32,331
		CNW 92106	32,331
		CNW 92107	31,631
		CNW 92108	31,631
		CNW 92109	31,631
		CNW 92110	31,631
		CNW 92111	31,631
		CNW 92114	31,631
		CNW 92115	31,631
		CNW 92116	31,631
		CNW 92117	31,631
		CNW 92118	31,631
		CNW 92119	31,631
		CNW 150109	21,569
		CNW 152034	16,036
		CNW 153103	15,718
		CNW 160024	18,229
		CNW 160046	18,229
		CNW 160066	18,229
		CNW 160263	18,229
		Subtotal	\$ 665,366
121	50-Foot Box Cars	CGW 10312	\$ 12,987
		CGW 10313	12,987
		CGW 10316	12,987
		CGW 10317	12,987
		CGW 10321	13,139
		CGW 10323	13,139
		CGW 10324	13,139
		CGW 10326	13,139
		CGW 10327	13,139
		CGW 10330	13,139
		CGW 10331	13,139
		CGW 10332	13,139
		CGW 10333	13,139
		CGW 10334	13,139
		CGW 10336	13,139
		CGW 10338	13,139
		CGW 10340	13,139
		CGW 10342	13,139
		CGW 10343	13,139
		CGW 10344	13,139
		CGW 10345	13,139
		CGW 10346	13,139
		CGW 10347	13,139
		CGW 10350	13,139
		CGW 10352	12,987
		CGW 10354	12,987
		Subtotal	\$ 340,702

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars	CGW 10355	\$ 12,987
		CGW 10359	13,139
		CGW 10360	13,139
		CGW 10362	13,139
		CGW 10366	13,139
		CGW 10368	13,139
		CGW 10369	13,139
		CGW 10378	13,139
		CGW 10379	13,139
		CGW 10380	13,139
		CGW 10381	13,139
		CGW 10383	13,139
		CGW 10384	13,139
		CGW 10385	13,139
		CGW 10386	13,139
		CGW 10388	13,139
		CGW 10389	13,139
		CGW 10390	13,139
		CGW 10391	13,139
		CGW 10392	13,139
		CGW 10393	13,139
		CGW 10394	13,139
		CGW 10395	13,139
		CGW 10397	13,139
		CGW 10399	13,139
		CGW 10400	13,139
		CNW 160318	18,229
		CNW 160371	18,391
		CNW 160380	18,391
		CNW 160917	18,320
		CNW 160947	18,320
		CNW 160995	18,320
		CNW 161041	17,997
		CNW 161114	17,997
		CNW 161188	17,997
		CNW 161309	18,159
		CNW 161310	18,159
		CNW 161313	17,997
		CNW 161314	17,997
		CNW 161315	17,997
		CNW 161317	18,159
		CNW 161319	17,997
		CNW 161320	18,159
		CNW 161321	18,159
		CNW 161323	18,159
		CNW 161325	18,159
		CNW 161326	17,997
		CNW 161327	18,159
		CNW 161330	18,159
		CNW 161331	17,997
		Subtotal	\$ 776,837

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
121	50-Foot Box Cars (continued)	CNW 161332	\$ 18,159
		CNW 161334	17,997
		CNW 161335	18,159
		CNW 161336	17,997
		CNW 161339	17,997
		CNW 161340	18,159
		CNW 161342	18,159
		CNW 161343	18,159
		CNW 161344	18,159
		CNW 161349	18,159
		CNW 161350	18,159
		CNW 161352	18,159
		CNW 161354	18,159
		CNW 161356	17,997
		CNW 161358	18,159
		CNW 161360	18,159
		CNW 161367	18,159
		CNW 161368	18,159
		CNW 161370	18,159
		CNW 161371	18,159
		CNW 161373	18,159
		CNW 161374	18,159
		CNW 161377	18,159
		CNW 161378	18,159
		CNW 161381	18,159
		CNW 161385	18,159
		CNW 161387	18,159
		CNW 161388	18,159
		CNW 161390	18,159
		CNW 161392	18,159
		CNW 161393	18,159
		CNW 161394	18,159
		CNW 161395	18,159
		CNW 161396	18,159
		CNW 161416	18,159
		CNW 161450	18,159
		CNW 161457	18,159
		CNW 161458	18,159
		CNW 161490	18,159
		CNW 161523	18,159
		CNW 161588	18,159
		CNW 161601	18,159
		CNW 161786	18,320
		CNW 161851	18,320
		CNW 161859	18,320
			<u>\$ 816,990</u>

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
14	Gondolas	CNW 39511	\$ 18,845
		CNW 39601	22,338
		CNW 39605	22,338
		CNW 39609	22,338
		CNW 39611	22,338
		CNW 39612	22,338
		CNW 39618	22,338
		CNW 39622	22,338
		CNW 39625	22,338
		CNW 39627	22,338
		CNW 39637	22,528
		CNW 39641	22,528
		CNW 132478	14,368
		CNW 132563	14,467
		Subtotal	\$ 293,778
2	Heavy Duty Flat Cars	CNW 48013	\$ 35,802
		CNW 48015	35,802
		Subtotal	\$ 71,604
157	Covered Hoppers	CNW 170500	\$ 15,917
		CNW 170501	15,917
		CNW 170502	15,917
		CNW 170505	15,917
		CNW 170508	15,917
		CNW 170509	15,917
		CNW 170511	15,917
		CNW 170515	15,917
		CNW 170523	13,182
		CNW 170524	13,182
		CNW 170525	15,917
		CNW 170527	13,182
		CNW 170532	15,917
		CNW 170533	13,182
		CNW 170534	15,917
		CNW 170535	15,917
		CNW 170536	15,917
		CNW 170537	13,182
		CNW 170538	15,917
		CNW 170541	15,917
		CNW 170542	15,917
		CNW 170544	15,917
		CNW 170545	15,917
		CNW 170546	15,917
		Subtotal	\$ 368,333

SCHEDULE A

A-420

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170550	\$ 15,917
		CNW 170552	15,917
		CNW 170555	15,917
		CNW 170557	15,917
		CNW 170558	15,917
		CNW 170561	15,917
		CNW 170563	15,917
		CNW 170564	15,917
		CNW 170565	15,917
		CNW 170568	15,917
		CNW 170570	15,917
		CNW 170573	15,917
		CNW 170574	16,084
		CNW 170575	15,917
		CNW 170578	16,084
		CNW 170579	16,084
		CNW 170586	13,340
		CNW 170587	16,084
		CNW 170590	16,084
		CNW 170592	16,084
		CNW 170593	16,084
		CNW 170596	16,084
		CNW 170597	16,084
		CNW 170598	16,084
		CNW 170601	16,084
		CNW 170603	13,340
		CNW 170604	16,084
		CNW 170610	16,084
		CNW 170611	16,084
		CNW 170613	16,084
		CNW 170614	16,084
		CNW 170615	16,084
		CNW 170616	16,084
		CNW 170618	16,084
		CNW 170619	16,084
		CNW 170620	13,340
		CNW 170621	16,084
		CNW 170623	16,084
		CNW 170624	16,084
		CNW 170625	16,084
		CNW 170626	16,084
		CNW 170627	16,084
		CNW 170628	16,084
		CNW 170632	16,084
		CNW 170639	16,084
		CNW 170642	16,084
		CNW 170644	16,084
		CNW 170648	16,084
		CNW 170651	16,084
		CNW 170653	16,084
		Subtotal	\$ 793,797

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170655	\$ 16,084
		CNW 170656	16,084
		CNW 170658	16,084
		CNW 170662	16,084
		CNW 170666	16,084
		CNW 170667	16,084
		CNW 170669	16,084
		CNW 170671	16,084
		CNW 170673	16,084
		CNW 170682	16,084
		CNW 170684	16,084
		CNW 170693	13,340
		CNW 170694	16,084
		CNW 170695	16,084
		CNW 170698	16,084
		CNW 170699	16,084
		CNW 170701	16,084
		CNW 170702	16,084
		CNW 170705	16,084
		CNW 170707	16,084
		CNW 170713	16,084
		CNW 170714	16,084
		CNW 170716	16,084
		CNW 170717	16,084
		CNW 170720	16,084
		CNW 170723	16,084
		CNW 170724	16,084
		CNW 170726	16,084
		CNW 170728	16,084
		CNW 170729	16,084
		CNW 170730	16,084
		CNW 170737	16,084
		CNW 170739	16,084
		CNW 170740	16,084
		CNW 170741	16,084
		CNW 170743	16,084
		CNW 170744	16,084
		CNW 170748	16,084
		CNW 170751	16,084
		CNW 170758	16,084
		CNW 170759	16,084
		CNW 170760	16,084
		CNW 170763	16,084
		CNW 170764	16,084
		CNW 170768	16,084
		CNW 170769	16,084
		CNW 170771	16,084
		CNW 170780	16,084
		CNW 170781	16,084
		CNW 170785	16,084
		Subtotal	\$ 801,456

<u>Quantity</u>	<u>Car Type</u>	<u>Railroad System No.</u>	<u>Purchase Price</u>
157	Covered Hoppers (continued)	CNW 170788	\$ 16,084
		CNW 170789	16,084
		CNW 170790	16,084
		CNW 170791	16,084
		CNW 170792	16,084
		CNW 170793	14,247
		CNW 170794	14,247
		CNW 170796	13,340
		CNW 170798	13,340
		CNW 170800	16,084
		CNW 170802	13,340
		CNW 170803	16,084
		CNW 170804	16,084
		CNW 170805	16,084
		CNW 170806	16,084
		CNW 170809	14,247
		CNW 170811	16,084
		CNW 170812	16,084
		CNW 170816	14,247
		CNW 170822	14,247
		CNW 170824	14,247
		CNW 170825	11,600
		CNW 170829	14,247
		CNW 170832	14,247
		CNW 170833	14,247
		CNW 170835	11,937
		CNW 170841	14,247
		CNW 170842	14,247
		CNW 170843	14,247
		CNW 170844	14,247
		CNW 170848	14,247
		CNW 170851	14,247
		CNW 170853	14,247
		Subtotal	\$ 484,517
		GRAND TOTAL	\$6,252,604

I hereby certify that the Purchase Price for the CSA Equipment included as Collateral in this Schedule A has been determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads in effect as of September, 1987 and that such CSA Equipment was previously owned by the Railroad.


T. A. Tingleff
 Vice President-Finance

CHICAGO AND



TRANSPORTATION COMPANY

LAW DEPARTMENT

DIRECT DIAL NUMBER

(312) 559-6067

VIA MESSENGER

September 24, 1987

Mr. Joseph Lane
Vice President
LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Re: Initial Closing for Conditional Sale Agreement
dated as of September 15, 1987 between
North Western Leasing Company and
Chicago and North Western Transportation Company
and Agreement and Assignment dated as of
September 15, 1987 between North Western
Leasing Company and LaSalle National Bank --
\$5,000,000

Dear Mr. Lane:

Transmitted herewith for your review are the final drafts of the closing documents concerning the above-referenced matter. Fully executed copies, along with the notice, will be delivered on Monday, September 28, 1987. The Conditional Sale Agreement and the Agreement and Assignment have been filed at the Interstate Commerce Commission and bear Recordation Nos. 15315 and 15315-A, respectively. If you have any questions or comments, please give me a call. We look forward to closing this financing on Tuesday, September 29, 1987.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Mack H. Shumate, Jr.", written over the typed name.

MACK H. SHUMATE, JR.
General Attorney

MHS:fpd
Enc.

Dated:

9/29/87

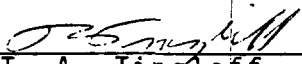
CERTIFICATE

Mr. J. P. Daley
Senior Vice President - Law & Real Estate

With respect to the units of railroad equipment (the "Equipment") identified in Schedule A attached to certain closing documents dated the date hereof and delivered herewith, I am familiar with both (i) sales by CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Company") to NORTH WESTERN LEASING COMPANY ("NWL") of any portion of the Equipment owned by the Company prior to any such sale (the "Company Sale(s)") and (ii) sales by any other person or entity (the "Vendor") to the Company or any of its subsidiaries of any portion of the Equipment owned by the Vendor prior to any such sale (the "Vendor Sale(s)"); and

I DO HEREBY CERTIFY THAT for other than claims, liens, security interests or other encumbrances created by a conditional sale agreement (the "CSA") or equipment lease (the "Lease") for which a closing is being held on the date hereof and the rights of the assignee or secured party, as the case may be, under any related agreement and assignment in the case of a CSA or related security agreement in the case of a Lease or other than Permitted Encumbrances (as defined in the CSA or Lease), (A) with respect to the units of Equipment acquired by NWL in a Company Sale I have made an examination or have caused an examination to be made at my direction by persons under my supervision, of the records of the Company and NWL as to claims, liens, security interests or other encumbrances, if any, to which any or all of the units of the Equipment may have been subject immediately prior to any such Company Sale and at the time of closing on the date hereof; based on such examination no unit of the Equipment was or is subject to any claim, lien, security interest or other encumbrance which was not paid in full or released on or before the date hereof and (B) with respect to the units of Equipment acquired by the Company or any of its subsidiaries in a Vendor Sale I have relied as to title being vested in the Company or any of its subsidiaries at the time of acquisition and on the date hereof free of any claims, liens, security interests or other encumbrances solely upon the warranties and representations made by the Vendor to the Company or any of its subsidiaries in its bill of sale to the Company or any of its subsidiaries, upon any opinion of counsel for such Vendor and upon the records of the Company or its subsidiaries.

Also, with respect to each unit of Equipment described in Schedule A attached to the CSA or Lease, which unit is being sold or leased by NWL to the Company pursuant to the CSA or Lease, as the case may be, I DO HEREBY CERTIFY that such unit was acquired by NWL and was paid for in full by NWL prior to such closing.



T. A. Tingleff
Vice President - Finance
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

and

Vice President - Finance
NORTH WESTERN LEASING COMPANY

L109-11

EXHIBIT D

FORM OF SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

Dated as of July 14, 1989.

The undersigned hereby acknowledge receipt of a copy of and consent to and agree to be bound by, that certain Assignment and Assumption Agreement, dated as of July 14, 1989, by and among LaSalle National Bank ("LNB"), Algemene Bank Nederland N.V. ("ABN") (ABN and LNB are collectively referred to as the "Assignors") and Chemical Bank (the "Assignee"), the form and substance of which are satisfactory to each of them. Unless otherwise defined herein, all terms and phrases which are defined in said Assignment and Assumption Agreement shall have the same meaning when used herein as that which is ascribed to them in said Assignment and Assumption Agreement. The undersigned further agree that (1) unless the Assignee shall have entered into an assignment pursuant to which assignment the Assignee sells, assigns, transfers and sets over to such person and such person purchases and assumes from the Assignee the then remaining Assigned Property, then and notwithstanding any provision of the Assigned Loan Documents to the contrary, all Advances and Obligations shall mature and become due and payable upon the earlier to occur of (a) that date which occurs six (6) months following the Closing Date (as that term is defined in that certain proposed Credit Agreement among Chicago and North Western Holdings Corp., Chicago and North Western Acquisition Corp., the Lenders to be listed therein and Chemical Bank, as the Agent for said Lenders) or (b) the Merger (as that term is defined in that certain proposed Credit Agreement by and among Chicago and North Western Acquisition Corp., the Railroad, Chicago and North Western Holdings, Inc., the Lenders to be listed therein and Chemical Bank, as the Agent for said Lenders and (2) they shall cause to be delivered to the Assignee such opinions of counsel for the Railroad and the Subsidiary as are reasonably requested by the Assignee in connection with the Assignment and Assumption Agreement referred to above.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

NORTH WESTERN LEASING COMPANY

By: _____
Title: _____
165 North Canal Street
Chicago, Illinois 60606
Attention: Assistant Vice
President-Finance

By: _____
Title: _____
165 North Canal Street
Chicago, Illinois 60606
Attention: Assistant Vice
President